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Latin America Report

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LATIN AMERICA REPORT

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MEXICO TO SUPPLY OIL TO JAMAICA, HONDURAS

Mexico City EL DIA in Spanish 11 May 81 p 6

[Article by Luis de Cervantes]

[Text] The Mexican Government will offer credit facilities and provide 13,000 barrels of crude oil a day to Jamaica and 6,000 barrels a day to Honduras as part of the energy cooperation agreement for Central American and Caribbean countries signed on 3 August 1980 by the presidents of Mexico and Venezuela in San Jose, Costa Rica.

The agreements with the two countries were signed at separate ceremonies yesterday at the Bank of Mexico. This expands the agreement whereby Mexico and Venezuela pledged to take care of the net domestic consumption of imported oil of Central America and Caribbean countries by earmarking as much as 160,000 barrels a day between the two countries and by contributing to the corresponding official financing.

Gustavo Romero Kolbeck, the director general of the Bank of Mexico, stated that the agreements signed are an outcome of the conviction that cooperation and solidarity measures among developing countries are necessary to achieve their objectives of economic and social progress within the framework of finding specific solutions to problems stemming from the production and rationalization of energy consumption, as President Lopez-Portillo said at the UN in reference to the establishment of a world energy plan.

Independently of the date of the agreements signed with each country, the financial arrangements will be retroactive to the dates that Mexican oil began arriving in the beneficiary countries of the San Jose Program, which are Guatemala, El Salvador, Nicaragua, Honduras, Jamaica, Costa Rica, Panama, Barbados and the Dominican Republic.

The agreement was signed for the Bank of Jamaica by its ambassador here, Louis Boothe, who was accompanied by the embassy's adviser, Mrs Ann Troutch. Signing for the Central Bank of Honduras was its president, Praxedes Martinez, who was accompanied by adviser Gonzalo Carias. Signing on behalf of Mexico was Gustavo Romero Kolbeck, the director general of the Central Bank, who was accompanied by Assistant Director Alfredo Phillips Olmedo.

Boothe said that the agreements represented the outcome of the efforts that the Mexican Government has been undertaking to shore up the balance of payments of Central American and Caribbean countries, whose economies have been hard hit in recent times by world economic conditions.

The Jamaican Government, he asserted, regards the Mexican Government's gesture as a sign of its genuine desire to promote economic cooperation in the region and as a constructive contribution to the economic progress of its countries.

Boothe mentioned the San Jose Agreement, terming it historic because of its energy cooperation program, and said that the Bank of Mexico arranged for all oil shipments to Jamaica to be paid for before the present loan contract was signed.

8743
CSO: 3010/1373

GARABI DAM STUDY TO BE COMPLETED IN TWO YEARS

Buenos Aires LA NACION in Spanish 26 May 81 p 16

[Text] Posadas--Under-Secretary of Energy of the Nation, Engineer Bernardo Bronstein, in statements made to a daily in this city, confirmed that consultant firms from Argentina and Brazil had done geotechnical, topographic, bathymetric, and hydrology investigations on the level of kilometer marker 907 on the Upper Uruguay River, an area known as Garabi, selected for the construction of a hydroelectric dam.

The government official indicated that Water and Energy, of Argentina, and ELETROBRAS [Brazilian Electric Power Companies, Inc], of Brazil, had signed a new contract with the consultant firms of Hidrened and Hidro-Service, whom they gave the job of continuing research in the area with a view to determining the possibilities of utilizing the Uruguay River.

Engineer Bronstein recalled that Argentina and Brazil had already agreed in 1972 to conduct technical and economic studies to define the optimum utilization of the Uruguay River over a section of 726 kilometers; after looking into 22 possibilities, they finally wound up with three alternatives: Panambi, Garabi, and San Pedro.

In May 1980, presidents Jorge Rafael Videla and Joao Baptista Figueiredo signed an agreement concerning this project; the under secretary of energy of the nation has now repeated the statement that the governments of Argentina and Brazil are carrying out the agreement and he noted that the consultant firm has a period of 24 months to complete the studies that were ordered after which supplementary phases will have to be taken up "and final decisions will then be made," he said.

'Feasible Project'

Questioned as to whether Garabi is included in the National Energy Plan, he replied in the affirmative and said that the project is "a feasible project" and that it is indeed included in that plan, scheduled for operation early in 1990, "although that date may be subject to correction," he added.

Regarding the future dam at Garabi, the information we have as of now notes that it will have an installed capacity of 2,196,000 kilowatts, with 12 turbines of 183,000 kilowatts, each.

The Uruguay River here has an average flow rate of 2,686 cubic meters per second; the top of the dam will be 3,146 meters long and it will be 49 meters above sea level. The project also includes locks for navigation and fish; although it will be built in a locality in Corrientes, the dam--which will hold 10,974 cubic hectometers, will affect a large part of the territory of Misiones in the coastal strip along the Upper Uruguay.

5058
CSO: 3010/1400

MISIONES PROVINCE TO PRODUCE GASOHOL

Buenos Aires LA NACION in Spanish 26 May 81 p 18

[Text] Posadas--The "Humberto Perez" Foundation has launched something here which it calls the "general idea" behind the agribusiness development of NEA (Northeast of Argentina) and the NOA (Northwest of Argentina) through the promotion of the gasohol program.

Foundation Vice President Humberto Perez (Jr) announced in this connection that, with the assistance of experts in processing the product, coming from the province of Tucuman, Posadas will witness the official launching of the initiative. He noted that the basic purpose is primarily to produce gasohol as an alternative to the region's economic development, particularly because that would be a step toward the proposed integration of the NEA with the NOA to replace nonrenewable liquid fuels.

He maintained that this possibility might exist in Misiones since there are something like 5,000 hectares of sugar cane fields planted here and since a mill has been operating here since the middle of the sixties.

"This would signify an interesting alternative in production diversification," remarked Perez, "and the idea can be expanded to cover the entire region, likewise keeping in mind the successes achieved in Tucuman and in the neighboring countries of Paraguay and especially Brazil."

It must be noted that the experts, who will arrive at Posadas, were especially invited by the "Humberto Perez" Foundation and consist of accountant Federico Lanne, who has studied in France and other European countries, specializing in gasohol, accountant Eduardo Garvich, agricultural engineer Jose Hiriat, and Victor Hemsy.

5058
CSO: 3010/1400

INCREASE IN OIL PRODUCTION, ELECTRICAL ENERGY DOWN

Buenos Aires LA PRENSA in Spanish 24 May 81 sec 3 p 1

[Text] As announced officially, Argentine petroleum output in April came to 2,376,600 cubic meters, as compared to 2,289,000 cubic meters during the same month last year, representing an increase of 3.8 percent.

During the first quarter of the year, there was an increase of 1.7 percent in the output, according to these same statistics.

In April, saleable coal production was 119.6 percent higher than during the same month last year and the increase during the quarter was 6 percent.

The injection of natural gas at the gas pipeline heads in April increased 2.2 percent and the cumulative result likewise increased by 2.2 percent.

During the period of January-April of this year, Argentina imported 548,300 cubic meters of petroleum and in 1980 the figure was 918,400 for the first quarter, representing a drop of 40.3 percent.

Petroleum imports during those 4 months came to $121,583,900; automobile gasoline imports came to $22,695,100; unrefined gasoline imports amounted to $9,941,800; natural gas imports added up to $77,739,300 and mineral coal imports came to $14,559,800.

Electric energy generation in the public-service power plants during the first quarter of the year declined 2.2 percent as compared to the same period of time in 1980, since 1, 172,734 Mwh were generated.

In April of this year, the drop was 2.6 percent since 2,805,569 Mwh were generated as compared to 2,880,523 Mwh the year before.

Here is the breakdown of the energy generated by enterprises during the quarter:

Water and Electric Energy: 827,979 Mw, down 17.3 percent; SEGBA (Greater Buenos Aires Electrical Services): 3,174,193 Mw, down 9.2 percent; DEBA (Buenos Aires Province Electrical Directorate): 393,585 Mw, down 11.7 percent.

EPEC (Cordoba Provincial Energy Enterprise) came up with 673,506 Mw, an increase of 19.1 percent; Hidronor SA [Inc]: 1,134,454 Mw, down 32.2 percent; Salto Grande: 1.285 130 up 74.7 percent; and the National Atomic Energy Commission: 931,853 Mw, up 103.6 percent (NA).

BRIEFS

FUEL PRICE INCREASE--Starting at 0000, today, fuel prices went up 5 percent. Special gasoline therefore will be sold at 1,760 pesos per liter; regular gasoline will sell at 1,450; kerosene and gas-oil at 1,010; diesel oil at 574; and a kilogram of fuel oil will sell for 323 pesos. Percentage-wise, the increases over the earlier figures are 4.8 percent for special gasoline, 5.1 percent for regular gasoline, 5 percent for gas-oil and kerosene, 4.9 percent for diesel oil, and 5 percent for fuel oil. The official order indicates that increases have been made to the same extent (5 percent) in prices of air-kerosene and residual coal from petroleum. With this increase we are maintaining the rate of adjustment, by the month, which has materialized throughout the year.

Fuel Prices

Product	Current Pesos	Prior Pesos	Change %
Special gasoline	1,760	1,680	4.8
Regular gasoline	1,450	1,380	5.1
Gas-oil	1,060	1,010	5
Kerosene	1,060	1,010	5
Diesel oil	574	547	4.9
Fuel oil	339	323	5

[Text] [Buenos Aires LA NACION in Spanish 8 May 81 p 12] 5058

CSO: 5010/1400

[illegible] OIL SEARCH BEGUN; OTHER ENERGY SOURCES STUDIED

[illegible]-of-Spain TRINIDAD GUARDIAN in English 28 May 81 p 5

[Text] Nassau, Wed., (CANA) The Bahamas has started seismic exploration, with a view to turning up oil in commercial quantities, Minister of State, Alfred [illegible], has said.

At the same time, the Bahamas, an oil-importing group of islands, has drawn up plans for heavy spending for research on alternative sources of energy and infrastructural projects, the Minister said.

The exploration is being handled by Geophysical Service Inc., and started this week off the island of Andros.

But [illegible] said Government planned to throw the field open to international oil [illegible] companies. The Ministry of Economic Affairs has decided to notify between 150 and 300 foreign oil companies that Government is accepting applications to explore for oil.

[illegible] arrangements were made shortly after Venezuela and Mexico decided to extend a [illegible] oil sales pact to the Bahamas.

[illegible] the San Jose Agreement--offers a group of Caribbean and Central American [illegible] purchasing countries the return of 30 per cent of the bill as a low-interest loan.

[illegible] of the Costa Rican capital where it was signed by the Mexican and Venezuelan Presidents, it embraces countries such as Jamaica and Barbados and about [illegible] in Central America.

Higher demand

[illegible] said the Bahamas would use the return--estimated at $38 million (US) [illegible] on research into alternative energy sources and infrastructure, with a view to cushioning the impact of a fuel bill that has been rising over the years on the basis of higher demand and rising prices.

The Bahamas Government would look into the commercial exploitation of solar and [illegible] energy with the funds made available under the San Jose Agreement, he said.

[illegible] has gone beyond the data-assessment stage. Maycock said [illegible] Telecommunications Corporation had done some work on applying solar [illegible] to its communications systems in south-eastern Bahamian Islands, [illegible], Mayaguana and Ragged Island.

A [illegible] producing concern here has also decided to modify its power [illegible] enable it to burn coal.

[illegible]

MEXICAN PETROLEUM INSTITUTE TECHNOLOGY DISCUSSED

Mexico City EL SOL DE MEXICO in Spanish 11 May 81 p 7-B

[Article by Tere Vale, Federico Vale and Nino Canun]

[Text] In the construction of the complex so far, 80 percent of the technology utilized has been domestic. For such an advanced complex with such diversified processes, this is an unprecedented domestic technological input.

Of this total input, the Mexican Petroleum Institute (IMP) contributed 40 percent of the engineering and technology for the complex's 21 production units, which is also a significant proportion.

The contribution of national technology and technicians goes beyond what we have mentioned. It is a well-known and fortunate fact that the oil and petrochemical installations are run and kept up and their products handled exclusively and efficiently by Mexican technicians.

The time has passed when petrochemical industrial centers, refineries, equipment, construction materials, instrumentation and capital goods in general consisted mostly of imported items. The methodological systematizing of national technology for the manufacture of capital goods is being intensified to increase the use of domestically made equipment at industrial facilities such as the one we are visiting today. This will permit a comprehensive consolidation of the petroleum and petrochemical industry and of the manufacturing industry in general, where domestic technology, in addition to providing services, furnishes sufficient know-how to manufacture capital goods here at home. This will substantially decrease our technological dependence on other countries and at the same time give us a wideranging capability to select the processes and equipment that are most in keeping with our pressing needs.

This process of technological self-determination is already a fact in certain branches of the economy, such as metalworking and electricity, and the oil industry has been in its vanguard, inasmuch as in its integration and imported capital goods substitution programs it has invariably given preference to domestically produced equipment and firm support to auxiliary industries.

Modern technology has been spurred by science and the human mind, and the world oil industry, mankind's number one source of energy at present and for the immediate future, has undergone surprising and extraordinary developments in recent decades, thanks precisely to the technological advances in this sphere,

advances that have been made in a small number of countries, which has placed them in a favored position over those that have not made them. In some cases, unfortunately, countries have taken advantage of this position to impose disgraceful hegemonies on other countries that have lacked technological infrastructure in this major sector or that, due to an inadequate infrastructure, have had to acquire vast amounts of oil technology under disadvantageous conditions.

We should acknowledge the decisive support that the IMP has received through the almost eightfold increase in its budget from 1976 to 1981 and above all through the confidence that has been placed in it so that it could play an active role, with its know-how and engineering, in ambitious and complex projects like La Cangrejera. This support and this confidence have unquestionably been the main reason why the IMP has intensified its efforts, which have enabled this administration to make spectacular gains and have been of major help in giving Mexico its own integrated petroleum technology, based on the holding of 150 patents, some of them registered overseas, and on its engineers, who have proven their efficiency by designing 120 major projects with a total aggregate investment of more than 120 billion pesos. The plants that have been completed are operating successfully.

The experience gained in executing these projects has enabled the institute to train, in just 2 years, a group of Mexican specialists who are successfully designing our offshore oil installations.

The current administration's second major priority, food production, is being worked on by the IMP in its particular sphere. It has developed a scientific infrastructure to help carry out the project to obtain unicellular protein from methanol, which will enable us to boost food production. Increasing the digestibility of sugar cane bagasse as feed for ruminants through the IMP procedure is another example of our cooperation with the Mexican Food Supply System. We should also not forget that the IMP produces plastic asphaltene sheeting to protect crops, which will boost farm output per hectare.

The IMP is also active in exploring for and pinpointing new hydrocarbons deposits both on land and offshore, and in development, utilizing its own methods, specific mathematical models and computer programs developed by Mexicans. It is engaged in a study of the nation's oil deposits, for which there is no precedent or comparison elsewhere in the world.

With the exception of the catalytic cracking of gas oils, Mexico uses its own technology in all other conventional oil refining processes. We should underscore the gains achieved in the hydrodesulfurization of gasolines and intermediate distillates, where the country is beginning to successfully manufacture the catalyst in question. This makes us the first developing country to produce this item, which is especially important because of its strategic importance in the refining industry, inasmuch as it is essential in carrying out catalytic processes, and only a very small group of countries have the know-how to manufacture it.

In spite of the rapid cha es that mark the basic petrochemicals industry, in which processes quickly become obsolete, we have modern, efficient and competitive technologies for producing tetramerous propylene and dodecylbenzene, both of which are raw materials for household detergents. Plants are presently being built at San Martin Texmelucan with this technology, which was created and adapted by the IMP.

Pemex is currently building a plant that will produce 10,000 tons a year of linear paraffins at its refinery in Salamanca, Guanajuato.

Based on natural gas in a cryogenic system, the technology for producing ethane, which is a basic raw material for the takeoff of the petrochemical industry, is a tangible example of the advantages of a country's having its own know-how, tailored to its specific circumstances. Specifically, Mexico has abundant natural gas, and therefore this is the most appropriate method of producing ethane, unlike in other countries. The second cryogenic plant is already in operation at the Cactus Petrochemical Complex. It has a capacity of 500 million cubic feet a day and was designed pursuant to expertise developed by the IMP. This plant provides an efficient supply for the ethylene plant in the complex being inaugurated today.

Perfectly in keeping with the policy set forth in the Overall Development Plan and in the Energy Program, this petrochemical complex has, in addition to production plants, facilities to treat wastes and emissions so that the environment is carefully safeguarded. Recently developed Mexican technology is rapidly making itself felt in this sphere and is already making major contributions at most industrial oil facilities.

Mexico's oil technology has gone beyond our country's borders, not in a desire for hegemony or profit but in a desire for international cooperation and solidarity, to help developing nations as much as possible to assert their sovereignty and to achieve social and international justice, which we also want for our country. Thus, through Pemex and the IMP, we provide technical assistance in exploration and development to various countries in Latin America and have furnished refining technology to Colombia, Costa Rica, Spain, Ecuador and Cuba. Our country has trained personnel from 12 nations, some as far off as China and Vietnam, and the director of Pemex, Jorge Diaz Serrano, has, in addition to his dynamic efforts at home, undertaken wideranging activities overseas aimed at solidarity and cooperation, as called for in the World Energy Plan that the president of Mexico proposed at the United Nations.

List of Projects, La Cangrejera, Veracruz

	Investment (in millions of pesos)
Crude oil stripper tower for 200,000 barrels a day (b/d)	406.0
Hydrocarbons treatment and fractionating plant (107,000 b/d)	770.0

Ethylene plant (500,000 tons a year)	2,127.0
Cumene plant (40,000 tons a year)	180.0
Naphtha hydrodesulfurization plant (85,000 b/d)	460.0
BTX gasoline enhancement plant (45,000 b/d)	1,190.0
Aromatics extraction plant (17,500 b/d)	448.0
Xylene isomerization plant (43,000 b/d)	805.0
Xylene crystallization plant (240,000 tons a year)	495.0
Auxiliary services	3,800.0
Petrochemical complex integration	9,150.0
Tank farm	2,900.0
UPQ offices area	936.0
Storage plant for distributing ethylene oxide	680.0
Styrene plant (150,000 tons a year), includes ethylbenzene)	980.0
Acetaldehyde plant (100,000 tons a year)	135.0
Oxygen plant (200,000 tons a year) and nitrogen plant (30,000 tons a year)	490.0
Total investment	26,082.0

8741
CSO: 3010/1373

PEMEX INVESTS TO INCREASE PRODUCTION

Mexico City EL SOL DE MEXICO in Spanish 8 May 81 pp 1-B, 4-B

[Text] The projects that PEMEX nas under way (industrial development and production) are valued at 350 billion pesos.

Last year, projects worth 50 billion pesos were completed, and this year 315 additional projects are under way at a cost of about 64 billion pesos.

In keeping with the gains being made in the state-run oil company's industrial development and production program, "the production goal of 2.75 million barrels of crude oil a day will undoubtedly be reached this year, which will enable the country to meet domestic demand and export commitments," say the economic consultants of the Bank of Commerce in a study on recent developments in the industry.

PEMEX proven reserves have increased 11-fold from November 1976, when it produced 6,338,000 barrels of oil, to last March, when output hit 67,830,000 barrels, which made Mexico the world's fifth largest producer. Proven reserves are estimated at 45 billion barrels.

Analysts say that Mexico exported 827,750 barrels of crude oil a day last year to 12 countries. There are commitments to eight more countries this year, "pursuant to the policy of diversifying markets," which means that 1.5 million barrels a day are being exported.

Whereas the petroleum trade balance yielded a surplus of $10.038 billion in 1980, an increase of 174 percent over the previous year (exports rose by 165 percent, and imports only 16 percent), the trade balance for basic petrochemicals showed a deficit of $402 million. Exports totaled $121 million, $117 million from ammonia sales.

8743
CSO: 3010/1373

PEMEX: HARD TO PREDICT JALISCO OIL RESERVES

Mexico City EL SOL DE MEXICO in Spanish 11 May 81 p 6-F

[Article by Francisco Gonzalez Sanabria]

[Text] Tonaya, Jalisco (OEM)--We cannot tell whether there are oil-bearing strata in Jalisco, but in keeping with PEMEX programs and with the exploration work being done currently throughout Mexico, drilling on the "Jalisco II" well will hit a depth of 4,000 meters, and a "Jalisco III" well might be started afterwards in the area of Barca, Jalisco.

There are no orders to explore along the southern coast of Jalisco, and just one more drilling rig is scheduled is to be built in the area of Tepamex, Colima, reported the spokesman of the PEMEX office at this new work site.

Israel Gonzalez Fernandez, a PEMEX engineer, confirmed that drilling on the Jalisco II well has reached a depth of 475 meters, with no indications yet that the area could contain hydrocarbons deposits.

Drilling has hit a stratum or layer of emerald green "adeicite" and "tuff," which are much harder than rock and basalt. This has made for slow progress, but the PEMEX engineer said that they should be down to 2,000 meters by August.

Gonzalez Fernandez acknowledged that he has orders to drill the wildcat well down to 4,000 meters, as was the case with the Jalisco I well near Pihuamo, Jalisco. He said, however, that all samples are being sent to PEMEX laboratories in the capital and that he is not in a position to say anything about what they have found so far. Only the administrative headquarters in Mexico City can provide that information.

This reporter traveled to the Jalisco region, which is characterized by vast tracts of inhospitable terrain that might or might not contain oil.

One of my informants indicated that PEMEX bases its decisions on lengthy and careful studies that highly specialized technicians conduct to pinpoint where wildcat wells ought to be drilled.

Work began on 18 February, and Gonzalez Fernandez added that activities were suspended at one point to change the drill bit. Intensive work is now going on, but progress is slow because of the layer of "indeicite" that has been encountered, which, it is hoped, will be soon left behind.

Spokesmen confirm that a team of experts in exploratory seismology is currently at work in the area of La Barca, Jalisco.

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CSO: 3010/1373

BRIEFS

NATIONALLY PRODUCED DRILLING PLATFORM--Mexico now has its first domestically produced drilling platform and rig; 43 percent of the components were manufactured in the country. It cost almost 500 million pesos, and operating costs will depend on the number of wells it drills, the depth of water in which it will be operating and other conditions. [Text] [Mexico City FORO POLITICO Y POLEMICO in Spanish 11 May 81 p 28] 8743

PRACTICAL GASOHOL MIXTURE DEVELOPED--Pemex has developed a gasoline-methanol mixture that will enable automotive engines on the high plateau (the Mexico Valley, Puebla and Toluca) to burn gasoline completely while reducing carbon monoxide emissions by 60 percent and noncombusted fuel emissions by 25 percent without cutting down on gas mileage and without impairing engine performance and quick response. Pemex is thus spurring construction of the methanol plant at the Laguna del Ostion petrochemical complex. The plant will produce 2,500 tons of methanol a day, and some 3.25 billion pesos are being invested in it. The company reported that one half of the project is geared towards improving air quality in the Valley of Mexico and other urban areas that have high pollution indices. [Text] [Mexico City EL DIA in Spanish 11 May 81 p 6] 8743

CSO: 3010/1373

PACT WITH SAUDI ARABIA PROVIDES FOR NEW LOCAL OIL TERMINAL

Bridgetown ADVOCATE-NEWS in English 29 May 81 p 3

[Text] Castries, St. Lucia, Thursday, (CANA)--A second big oil terminal is to be built in St Lucia under an agreement signed in Paris last week, Parliament has been told.

Making the announcement Tuesday was Minister Without Portfolio Allan Louisy, who signed the agreement on behalf of the Labour Party Government with a Saudi Arabia concern represented by Prince Nawaf Bin Abdul of Saudi Arabia Azi.

The agreement involves the establishment of an underground oil storage terminal in the island as soon as possible and a Development Bank to stimulate development projects in the terminal area.

Mr Louisy, who resigned as Prime Minister last month said government in the pact also expressed its intention to create a National Petroleum Board to secure oil allocations to St Lucia on preferential terms from friendly oil producing countries.

According to Mr Louisy the oil terminal will be jointly owned by Oil Companies St Lucia Limited and the proposed St Lucia Development Bank. No details were available on projected costs.

Mr Louisy said that among the benefits to St Lucia will be substantial employment opportunities for the island's labour force, particularly with the type of underground construction, loyalties and throughput taxes from the terminal operations, dividends on St Lucia's shares in the terminal operating company, and the Development Bank.

A substantial reduction in the island's imported energy cost is also expected, Mr Louisy told Parliament.

Mr Louisy said that to fulfill this intention it will be necessary to complete and verify certain feasibility studies already commenced.

Mention of the coming of the oil installation was also made in the throne speech yesterday by the acting Governor-General Boswell Williams.

Mr Williams said that further agreements are scheduled to be signed in St Lucia in October, while draft legislation covering the proposals will be brought before Parliament to enable work to commence on the project later this year.

He stressed the need for stability in the affairs of the country, since further interval disharmony and disquiet of a kind indicating a propensity for serious continuous upheaval could well spell the end of it. [as published]

The oil terminal will be the second to be built here. The American oil company Amerida Hess is now constructing a similar facility and an oil refinery at Cul De Sac, five miles outside the capital.

CSO: 3025

DEVELOPMENT OF ORINOCO RIVER INCLUDES INTERNATIONAL PORT

Caracas EL DIARIO DE CARACAS in Spanish 13 May 81 p 9

[Article by Faitha Nahmens]

[Text] Caicara del Orinoco will become an international port. The program for overall utilization of the Orinoco River, being jointly carried out by the Ministry of Energy and Mines and the Ministry of Environment and Renewable Natural Resources, is contemplating ocean navigation from Amacuro Delta to Caicara. From that point on, it is to be river navigation.

The project, whose feasibility studies have just been completed, also calls for the construction of three dams. Following the sea's route to the mainland, EL Almacen, EL Infierno and Caicara are all three to become landlocked. The dams are to be provided with locks, a system which makes navigation possible by the controlled lowering or raising of the water.

However, the program expects to do more than promote navigation and its benefits: making transportation, communications and commerce more flexible. With the work being undertaken, as soon as the following phase of the plan is completed--feasibility studies--hopefully in 2 years, the Orinoco will become the largest center of power supply.

The dams will generate 6,500 MW of installed capacity, equivalent to the energy produced by 250,000 barrels of crude oil daily.

The magnitude of the estimated savings in crude oil are sufficient to justify the research which has been made and the revamping of the Orinoco. The project is now being called the "spinal column of Venezuelan development."

Cost Equal to Oil Belt

The program for greater utilization of the Orinoco River will cost as much as that of the Orinoco Oil Belt: approximately 33 billion bolivars. Of this sum, 93.1 percent will come from government allocations and the rest from private capital.

The Sixth National Plan stipulates that programs in the electric sector will occupy second place with regard to allocations, and it is estimated that projects in that

sector will total 54,657,005,000 bolivars. Of this total, 500 million is to be spent on the Orinoco program, distributed as follows: 70 million in 1981, 90 million in 1982, 110 million in 1984 and 120 million in 1985 when the 5-year plan ends.

In 1985, or at the End of the Century?

If the present schedule is kept, the program will be completed in 1985. This is the opinion of Carlos Poveda, minister of environment and renewable natural resources. Dr Berrizbeitia, director of electricity, coal and other energy sources, in turn, prefers to consider the close of the 20th century as the maximum possible date "to allow for some unforeseen circumstance."

Nevertheless, he was quick to assure that this gigantic project would put the Orinoco on a par with the Caribbean Sea. "We expect it to be another center of development which will make it possible to increase commercial exchange traditionally located in the coastal area in the northern part of the country." Berrizbeitia also mentioned the advantage of greater facility in transporting merchandise within Venezuela itself "without the need to circumvent areas of difficult access, such as the coastal cordilleras."

The agricultural sector will also be greatly benefited by this program. Obviously, "north-south" communication will be assured, at least in Venezuela.

8568
CSO: 3010/1363

LAGOVEN DISCOVERS METHOD TO REPAIR LAKE OIL STRUCTURES

Caracas EL UNIVERSAL in Spanish 12 May 81 Sec 2 p 12

[Text] LAGOVEN, subsidiary of Venezuelan Petroleum, Inc, has succeeded in developing a new and effective technique for repairing the reinforced concrete structures which support oil plants and other facilities on Lake Maracaibo. The method is one of casting concrete under pressure.

The procedure is explained in detail by Edio Raven and Danilo E. Zamora in a paper they presented on LAGOVEN's behalf at OPEC's technical maintenance seminar.

The new system devised and tested by the Venezuelan engineers is of vital importance to the oil industry inasmuch as a substantial part of its installations are located on lakes and constructed on top of concrete structures, thus being exposed to the devastating effects of water.

In fact, after making a number of visual inspections beginning in February 1978, the LAGOVEN engineers detected damaged areas in the infrastructure of the compressed gas plants, such as cracks and separations in the concrete of the structural members.

"Various solutions," Raven and Zamora said, "were studied" the demolition of the damaged structural members and their subsequent reconstruction, or repairing the damaged areas by patching with concrete mixtures.

"After making extensive studies, we chose to use the method of casting concrete under pressure to repair the support structure of the damaged plants.

"What does the cast concrete method consist of"

"Basically," according to their paper, "it consists in repairing the damaged parts by the application of concrete under pressure (shot-crete). Naturally, the operation is not as simple as that. The procedure is more complicated and includes a number of stages from the removal of the damaged concrete with air hammers to replacement of the damaged supports; this is accomplished by first cleaning the area to be repaired by sandblasting to remove rust and any other contamination, then applying certain chemicals and, finally, pressure-shooting the concrete into the area in question; on the 4th day, the repaired area is painted with special products.

"These repairs," Raven and Zamora point out, "have enabled us to use the structural capacity of some of our plants on Lake Maracaibo. Our efforts have been successful enough to conclude that this method is feasible and recommendable both technically and economically."

8568
CSO: 3010/1363

PETROLEUM TO BE USED AS WEAPON TO OBTAIN TECHNOLOGY

Caracas EL UNIVERSAL in Spanish 10 May 81 Sec 2 p 24

[Text] "Venezuela must use oil as a negotiating weapon to obtain necessary technology, adequate financing and minimum acceptable participation in international markets."

This statement was made by economist Ramon Pena Ojeda, director general of technology of the Ministry of Development, at Los Andes University, Tachira extension, at a ceremony commemorating another anniversary of the founding of the Scientific Press Club, in San Cristobal.

At the same time, he stressed that it is essential to plan a new Venezuelan industrial group to deal with world markets.

In this connection, Pena Ojeda said that export strategy is of prime importance and that we must keep in mind the "internationalizing" tendency of certain basic positions which call for bold and decisive action in the search for international agreements for supplementary production providing us not only with better levels of performance but also specialization and technological dominion in strategic products for the world market.

"To establish new industries we have excellent support in the form of the state's purchasing power which can create initial and stable demand, thus serving as a prop to enable our establishment to get started with a minimum of risks," he said.

He warned that "we must at all costs avoid irrational behavior, the absence of standardization and lack of equalization which yielded such costly results during the recent period of national industrialization and which condemned a sizable number of our production plants to inefficiency for many years."

"As a result," he said, "industrial planning must play a major role, aided by the state's instruments of incentives and promotion."

He said, moreover, that, without losing the attractiveness Venezuela has for foreign investment, minimum conditions must be negotiated for the implantation of the capital of other countries, particularly with regard to access to technology, to international markets controlled by large companies.

In like manner, we must negotiate to put the gradual control of industries which become established in our country in the hands of Venezuelan technicians and administrators.

Pena Ojeda asserted that this is no plan being invented by the Venezuelans but rather a practice which is well established and amply experienced by developing countries of the Third World with characteristics comparable to ours, as is the case with the OPEC nations, such as Saudi Arabia and Kuwait, in dealing with the large Japanese and European consortiums and as is the practice of other emerging countries like Brazil or South Korea.

8568
CSO: 3010/1363

BRIEFS

OIL SEARCH IN SUCRE--Cumana, 8 May--Preparatory exploration work in the land sur[illegible] of the eastern part of Sucre State was begun by the operating firm, LAGOVEN, a subsidiary of Venezuelan Petroleum, Inc. This information was released by Dr Julio Fuentes Serrano, chairman of the Chamber of Deputies' committee on energy and mines, who said that LAGOVEN is engaging in this preliminary work to pinpoint the possible location of oil. He also said that wells will be opened up when it is sure that there is crude oil in that area. "As is known," the member of parliament said, "the country's first oil wells were drilled in the Guanoco area and, in 1946, the Cumana legislature had given Manuel Olavarria permission to explore the state for that purpose. However, it was not until later that the Babaduy I well was drilled and found to contain heavy oil. When the Barroso No 1 in Zulia State blew out, these wells were shut down, since it was much more economical to develop light crudes; it is estimated that the latter will last until the year 2000." Fuentes Serrano said that the world of the future will use heavy oils whose reserves are plentiful, the largest being in Canada, estimated at 90 billion barrels, and in California, where there is said to be 150 billion. "Venezuela's reserves of heavy crude cannot be accurately determined at present; but they are abundent, the largest in the world being found in Orinoco's oil belt where it is estimated that there is as much as 1 to 2 billion barrels of crude." In conclusion, Fuentes Serrano said that every day we are seeing an increase in the value and utilization of heavy oils and an increase in the importance of Sucre State as a producer destined to play a major role in this sector both in Venezuela and throughout the world. [Text] [Caracas EL NACIONAL in Spanish 5 May 81 p D-9] 8568

LIGHT CRUDE IN ANZOATEGUI--Deposits of light oil and associated gas were discovered by MENEVEN in Cretaceous strata in the central part of Anzoategui State, according to information released yesterday by that subsidiary of Venezuelan Petroleum, Inc. This is an important event in that commercial accumulations of hydrocarbons have been found in geological formations in which such accumulations do not normally occur. The deposits discovered by MENEVEN are in the Santa Rosa field where well RG-1738 has reached a depth of 14,500 feet in its attempt to discover new reserves of light crudes and natural gas. The results obtained by MENEVEN in this deep-well exploration of the Cretaceous formation in the central area of Anzoategui State indicate, for the first time, favorable prospects in the search for new oil deposits. [Text] [Caracas EL UNIVERSAL in Spanish 6 May 81 p 1] 8458

PDVSA REFINERY IN SICILY--The agreement between Italy and Venezuela will supply Italy with heavy oil, while a processing plant for this kind of crude oil is being built, probably on the island of Sicily. Italy and Venezuela will sign an agreement this year consisting in the installation of a plant for Venezuelan crude oil, according to information from the representative of the National Hydrocarbons Agency (ENI), Alessandro Bergamaschi. Bergamaschi pointed out that the agreement specifies that Venezuela will supply heavy oil to Italy, while the processing plant for this kind of crude is being built. "The agreement consists of two phases: the agreement on principles, by means of which Venezuela obligates itself to supply crude oil on completion of construction of the plant (4 to 5 years), and the definitive agreement once the facilities are ready," he specified. The representative of the Italian firm stated that the plant, to be built probably on the island of Sicily in the south of Italy, will cost $1 billion and will have a capacity ranging between 50,000 and 60,000 barrels a day. "At present, Venezuelan Petroleum (PDVSA) and ENI are making a joint study of all the details of the agreement, especially the kind of heavy crude to be supplied for the plant," he pointed out. The ENI official emphasized that this agreement is important to PDVSA, because Italy will be a steady customer for Venezuelan crude oil, if it is realized that Venezuela will become a heavy oil producing country in the medium term, both because of of its traditional deposits and because of the Orinoco Oil Strip, one of the largest reservoirs of heavy crude in the world. The ENI representative pointed out that, with the agreement to be signed between Italy and Venezuela, both countries would arrive at much more firm understandings and at long-term trade agreements." [Text] [Caracas EL DIARIO DE CARACAS in Spanish 23 May 81 p 11] 10042

CSO: 3010/1418

JOINT SCIENTIFIC PROJECT WITH FRANCE NOTED

Buenos Aires LA PRENSA in Spanish 25 May 81 p 5

[Text] The National Directorate of the Antarctic has reported that during the most recent summer operations in that southern region of our country, which ended in mid-April, an important drilling was made to a depth of 155 meters. This is the deepest drilling made up to now in the Dalinger dome on the Antarctic peninsula. An additional eight drillings were made to depths ranging from 10 to 18 meters in sectors located on the James Ross Island icecap, 50 kilometers from the Vicecomodoro Marambio Base, in the Weddel Sea.

Special Interest

The Directorate notes that the above-mentioned icecap is of special interest to scientists of this discipline, as its extreme southerly location is an exceptional intermediate reference point between the central Antarctic regions and the Andean glaciers.

The task consists in obtaining samples of ice and snow. Profiles will be taken of gamma radiation, temperature, density, and stratification and now-measuring stakes will be installed to determine snow accumulation. The results of this work will contribute to a better understanding of the mechanisms which govern the climate of Tierra del Fuego, which will be of inestimable value for the planning of exploitation of the water resources and of many civil projects. It will also permit detection of changes in the environment which are dangerous to mankind.

The research was directed by Dr Alberto Aristarain, and Argentine and French scientists and technicians from the Antarctic Institute participated. The work was done pursuant to an international scientific program to which our country subscribes and which has the objective of relating the climatic history of the central Antarctic regions to the icecaps of the northern hemisphere, especially Greenland, and passing through the Antarctic Peninsula and the frozen regions of the Andes.

These studies will also attempt to evaluate the impurities found in suspension in the atmosphere and their influence upon climatic conditions. Such is the case with particles from volcanic explosions and the dust and emissions from human activities, particularly contamination from carbon dioxide and sulfates.

8143
CSO: 3010/1389

ITEMS REFLECT DEEP CONCERN OVER INCREASED USSR TRADE

Soviet Penetration Strategy Discussed

Buenos Aires ULTIMA CLAVE in Spanish 26 May 81 No 528 pp 6-8

[Article: "Argentina-USSR: a Problematical Relationship"]

[Text] Last week continued to be marked by the advent of disturbing signs on the foreign front. The unfortunate official and public statements made by the Chilean Rear Admiral Araya concerning the vexing issue of the South Atlantic were compounded by the British desires to interfere in the oil exploitation in Argentine jurisdictional waters, and by the unsolved problems of the mediation which seems to be undergoing critical times despite the oil that it has been attempted to pour on the troubled waters.

In the midst of this rather discouraging situation, the high-level Soviet delegation headed by the vice minister of foreign trade, Boris Gordeyev, made a move. The fact that Viola received Gordeyev personally, and that there was a recurrence of the rumors that the USSR is extremely interested in participating in the supplying of turbines for Yacyreta again brought up the controversial matter of our relations with the communist colossus. It should be understood that one cannot easily explain the growing economic significance of these relations, coinciding with the presence of a military government which based the essence of its ideology and the mainspring of its policy lines on the most pristine anticommunism. Hence it is difficult, and even impossible for some to understand how the growth in a relationship which has, unquestionably, more deepseated implications than that of a mere increase in the Soviet purchases of grain and meat could have occurred.

The Macropolitical Keys

A group of causes, some economic and others diplomatic, has led to the present situation whereby our balance of trade is depending increasingly on exchanges with the USSR. If the theoreticians of dependence (the majority of whom are overtly sympathetic with the Eastern bloc) were consistent, they would have to ask themselves about the degree of risk entailed by the fact that over 60 percent of the grain shipments have been enroute to Soviet ports, and 40 percent of our meat exports have followed the very same course, with a tendency to increase.

It is obvious that, in addition to contributing an objective element (the real complementation of the two economies), Argentina's serious dissociation from Washington during the Carter era helped to facilitate the beginning of this new phase in

Argentine-USSR relations. According to certain analysts, this economic shift was accompanied by a political element, consisting of the Soviet bloc's reluctance to become connected with the "human rights" campaign piloted by the State Department in the international forums. The obvious American lack of comprehension of the realities of the antisubversive battle fostered this tacit and, moreover, paradoxical agreement between regimes whose politico-ideological concepts are deeply antagonistic.

There are some who observe in this palpable proof of the impossibility of a hypothetical "third position" of the "nonalined" type. To them, beyond political professions of faith, what counts is the degree of political, military and economic interdependence assumed by nations with respect to the big powers. It is from this standpoint that they share the Reagan team's concern about the future of our relations with the USSR. Hence, it is a matter of increasing the bilateral ties between Argentina and the United States, as the only means of preventing the "slid[e] from continuing.

As for certain unofficial spokesmen who claim that "trade has no ideology, and neither do turbines," it must be recalled that the Soviet penetration in the so-called "Third World" countries has adopted highly diversified forms: construction of hydroelectric dams, military supplies, the building of large industrial plants or equipment for oil extraction; and, of course, the trade balance. When, as in the case of Argentina, the cooperation extends to the critical area of nuclear energy, it is clear that the "complementation" could lead to agreements that would quickly exceed the "aseptic" level on which it is sought to maintain them.

It is obvious that the increasing volumes of Soviet purchases in Argentina, after the lifting of the grain embargo, could only be explained by the existence of a policy desire on the part of Moscow to preserve and/or improve its presence in Argentina. Now that the grain supply has been normalized by Reagan's unanticipated decision to lift the embargo, the persistence of Soviet purchases in very large volumes and at prices about the current ones on the international market could only be explained by a plan aimed at attaining certain goals pursued in a "peaceful" manner. What could those goals have been?

The Soviet Geopolitics in South America

In the view of a group of North American observers (as has been noted, they are increasingly concerned about the Soviet interference in Argentina), the Kremlin has two levels of strategy in the South American area: the first is associated with elements that are part of the immediate political and economic situation; and the second level relates to the more extensive long term areas, and is associated with the regional balance of power.

According to these analyses, Moscow views with concern the progress of a "South Atlantic consciousness," that could lead to the creation of a multiple defense system in which Washington would logically be involved. This matter is, of course, associated with the Antarctic issue, krill fishing and the ever cherished Soviet desire to participate actively in the extraction of oil from the southern basin. In view of the impossibility of making progress on the Chilean side after Pinochet's rise to power, the USSR was forced to give priority to its relations with Buenos

Aires to unimagined extremes. Carter's erroneous policy with regard to human rights, arms sales, nuclear power and trade preferences is claimed to have overtly facilitated this intention.

On the other hand, although the USSR has always offered comparative advantages in the realm of hydroelectric utilization of flatland rivers, its heavy pressure to extend its participation from Salto Grande to Yacyreta, and from there to the Parana Medio, is associated with a strategic assessment of the geopolitical value of the Alto Parana, as a key in the South American spatial structure. If we note that the Soviet plans regarding Bolivia have not been halted even when faced with Garcia Meza (recalling offers made to this ardent anticommunist concerning the building of a tin treatment plant), and that there has been an attempt, at all costs, to maintain the military ties with Peru, one will observe that Chile, Paraguay and Uruguay represent the most obvious obstacles, although they are structurally weaker for different reasons.

Obviously Brazil, owing to its geopolitical importance, is the focal point of the Soviet strategy. Although, from a political standpoint, Moscow is more comfortable in Brazil than in the majority of South American countries, the fact is that, in the economic area, it thinks that the preponderance of large North American and West European multinationals could hardly be offset by any significant contribution from the Eastern bloc. According to the USSR, Brazil plays a positive and highly strategic role; and hence its own chances of bringing about equilibrium even partially in the balance of power are more than remote.

In Argentina, with a weak Communist Party having but little chance of playing a substantive role in the policy of openness that will naturally follow the military process, the USSR is claimed to have opted, correctly for the sake of its interests, to pursue the economic-technological course of action, subordinating any political interests to it, regardless of how difficult it may be to achieve actual compatibility between this pragmatism and the social demands that the Argentine Communist Party would supposedly have to submit to the military government.

Some Interesting Information

The Soviet participation in Argentine hydroelectric projects has its center at Salto Grande, where it installed 14 turbogenerators through Energomachexport. The same enterprise had negotiated on two 310 MW turbines for the Bahia Blanca thermoelectric powerplant.

But the most ambitious project in this area is unquestionably that of the Parana Medio. According to the Soviet expert, Nikolay Malyshev, the Parana Medio facility (the cost of which was estimated in August 1979 at $7.5 billion) is similar to the enterprises carried out on the Volga, which are the foundation for the vast Soviet experience in this type of reservoir. Owing to its significance, the Parana Medio would culminate Moscow's hydroelectric activity in Latin America, where there are such valuable precedents as the Urra dam in Colombia, and the Olmos in Peru. In addition, the USSR is attempting to intervene in Ilha Solteira and Xingo, in Brazil. The Russians have compared the Parana Medio enterprise with the huge Kuibyshev dam on the Volga.

One of the most heavily debated questions about the Soviet presence is the possibility that some of the 48 turbines budgeted for the project may be built in Argentina. This proposal was present in November 1978, when the agreement was signed between the Water and Power entity and the Soviet consulting enterprise Technopromexport, to evaluate the technical bases of the project prepared by the Water and Power entity. There is no indication that the studies would be concluded in the stipulated periods of time.

In the field of atomic power as well, there is evidence of a cooperation tending increase. In May 1980, the secretary general of the National Atomic Energy Commission, Jorge Coll, traveled to Moscow on a mission that was described as "exploratory." The need to obtain fluid supplies of enriched uranium appeared to be the main reason for the contact. The emergency lights were immediately turned on in the United States. The well-known precedent for Coll's trip was the mission of engineer Vladimir Paulov, head of Energomachexport (in April L980).

At first, it was thought that the Argentine atomic authority was using the contacts with the USSR to force the United States to ease the pressure in the matter of nuclear safeguards. However, in January 1981 it was learned that Argentina had purchased 5 tons of heavy water from the USSR to be used for the Atucha 1 powerplant. The North American concern raised several points and the Malone mission (apparently thwarted) was the result of that concern. Up until now, there is no actual evidence that the USSR has sold enriched uranium to our country.

But perhaps what tinged the Argentine relationship with the Soviets more markedly was the fact that, under Martinez de Hoz's economic leadership, the Videla government steadfastly refused to become associated with the grain embargo ordered by Carter at the time of the invasion of Afghanistan. The long process which started in January 1980 and culminated in Reagan's recent decision served to underscore the vast importance that the exports to the USSR have at present to Argentina's battered foreign trade.

The political implications of the Argentine refusal are, and have been undeniable. The Soviet agency Tass and the Brazilian press, in particular, lend a decidedly extra-economic dimension to the incident. Tass reported: "Argentina has officially refused to join in the United States' attempts to impose on the producing countries its plans to cut grain deliveries to the USSR, plans which suit the interests of North American imperialism." JORNAL DO BRASIL carried the headline "Argentina Makes the Boycott Harmless for the USSR."

The Argentine position was assessed in various ways in Washington. While some claimed that the Argentine economy could not withstand a decline in its exports to the USSR, others preferred to believe that there were factors of a clearly political background underlying our country's position. The most publicized of those factors was that of distrust for the firmness of the North American intentions. It was said that another one was related to the Argentine desire to pay back "courtesies" to the Carter administration. Within a few days, Brazil agreed with the Argentine position: the shipments of soybeans to the USSR would not be reduced.

As a result of this entire process, in July 1980 a trade agreement was signed with the USSR whereby Moscow promised to purchase 20 million tons of grain and 2.5

million tons of soybeans over a 5-year period. Starting at that time, the Soviet presence on the Argentine exporting market increased, including the category of meat as well. Thus, the unstable profitability of the agricultural sector has come to depend essentially on the Soviet purchases, not only their volume, but their price also.

It is precisely the matter of price, together with the desire that Argentina increase its purchases in the USSR, that is being discussed with the Gordeyev mission. The Soviets insist that it is impossible for them to exceed the limit set by the recent agreement on meat. In a recessive situation, the agreement would assume an even greater importance for our country than that involving the grain.

The Russians are not willing to let the Argentine trade surplus be maintained at the high level ($1.3 billion) of 1980. This figure, which is significant in itself, assumes its full importance if it is compared with that of the $2.5 billion drop registered in Argentina's total trade balance. Gordeyev also stressed that the foreign exchange produced by this trading is "at completely free disposal." The Russians have started to haggle over prices; they did not purchase wines; and they are calling upon Sigaut to choose what he will import from the USSR to balance the exchange somewhat.

In any event, the immediate prospect is one of expansion in the sales of Argentine grain to the USSR. Last week, the undersecretary of international negotiations and agencies stated that the 12.6 million tons sold in 1980 "will be substantially exceeded." There was also a loss of consistency in the rumors about an alleged Soviet participation in oil contracts or in the supply of equipment to YPF [Government Oil Deposits].

Perhaps the most difficult confrontation is occurring with regard to the sale of equipment for Yacyreta. The Russians seem to think that the compensation for the imbalance that has occurred should take place there. But the United States has already offered $700 million in credit for purchasing equipment of North American origin. At the same time, problems have arisen with the Salto Grande turbines, something that has dimmed the Soviet ambitions in Yacyreta.

We shall have to await the results of the Parana Medio agreements to ascertain whether Argentina is willing to extend the range of opportunities for the Soviet presence in the country. Meanwhile, the warning voices are being eclipsed by the evidence that the trade with the USSR must be maintained, and even increased, so as not to affect the unfavorable status of the balance of payments further still.

As for the complementation in the nuclear area, it will also be necessary to await the results of the forthcoming trip by Vice Adm Castro Madero to Washington. With the German-Brazilian agreement at a standstill, it should not be considered surprising that the USSR hopes to occupy the space that the West may leave open as a result of the North American unwillingness to reduce the requirements regarding nuclear safeguards.

Frequent Contacts, Purchases Cited

Buenos Aires SOMOS in Spanish 22 May 81 pp 4-6

[Article by Juan Carlos Araujo: "Does a Bear Who Buys Not Bite?"]

[Text] When Boris Gordeyev passed through the gate of "La Felicidad" and learned (through an interpreter) what the name of the estate meant, he displayed a smile. He considered it a fortunate choice to illustrate his state of mind and that of the many Soviet trade delegations which arrived in the country before him. This occurred last Sunday, at San Miguel del Monte, and awaiting the vice minister of foreign trade of the Soviet Union there was a genuine native barbecue arranged by Minister Carlos Garcia Martinez's protocol staff.

Gordeyev arrived at Ezeiza on Friday, 15 May, at 1025 hours on an Air France flight. He immediately took off for Mendoza, where he talked with authorities and wine dealers about the forthcoming wine purchases that the Soviet Union intends to make. On Sunday he was already back in Buenos Aires, where he and his party occupied the five rooms that they had reserved at the Plata Hotel (820 to 824). He was accompanied by Viktor Pershin and Mikhail Ageyev (directors of Exportklev), Pavel Sakun (in charge of Russian imports of raw materials) and Pyotr Kasaktin (his personal aide), grim individuals who balked all the attempts by SOMOS to obtain a personal chat.

"They are very hard and very well prepared negotiators. They are thoroughly familiar with the matters that they are discussing, and they give no advantage. When negotiating with them, one has the impression that one is playing chess. They behave like any Western businessman; or perhaps better, because they do not give the slightest advantage. They are scrupulous about the fulfillment of the contracts, to the extent that no record of failure to comply on their part has ever been heard of. But they are also clever debt negotiators, and from that standpoint it might be said that they learned all the skills of capitalism in the financial area." This description was given to SOMOS by a man who had to sit down at the same table for a discussion with the Soviets.

The frequency of the Soviet "visits" has now made it possible to devise an X-ray of these "stern" negotiators (they retire early, drink a large amount of mineral water and "live for the agenda"). On 21 August 1979, a military mission arrived, headed by Lt Gen Ivan Yakovich Brayko. On 29 January 1980, Envez Alyatudinov, Aleksandr Naumov and Viktor Pershin arrived at their usual quarters at the Plaza. Three months later (9 April), the vice minister of foreign trade, Aleksey Manzhulov arrived. And on 8 July, making a number that caused more than one to raise eyebrows (three delegations in 1 year), Viktor Gordeyev, the minister of trade of the Soviet Union, arrived.

Each of those contacts was a "stepping stone" on which Argentine exports to that country would "climb." What in 1979 totaled about $415 million, reached $1.8 billion in 1980. And the estimated figures for the first quarter of this year already stand at $1.5 billion.

These commercial bonds ended up heating the spirits of those who consider them dangerous and very difficult to release. "Can trade be divorced from ideology?"

they ask. One of those who took up the issue resolutely was Cosme Beccar Varela (Jr) who, on Thursday, 7 May, with his "Tradition, Family and Property" group, published a penetrating appeal in a Buenos Aires morning paper. "...One cannot understand (one of its paragraphs states) how the Argentine Government can remain serene about the policy initiated by Gelbard of increasing trade and exchange of delegations and intermediaries with the communist countries. Our nation had to suffer greatly because of the terrorism, especially the Armed Forces, which defeated it at the price of great sacrifice. There is no doubt that the latter are anti-communist on all levels of their chain of command (...). But then how can one explain this insistence on dangerous ties with Moscow and its satellites? Have the consequences of that policy been gaged? Is not a renewal of the terrorism to be feared at any moment? (...) Does not that political, ideological and economic dependence put Argentina in serious danger of becoming subjected to the Russian imperialist plans, by becoming a forced granary for Russia?"

In their appeal, Cosme Beccar Varela's forces quote a rather key statement made by Minister Carlos Garcia Martinez: "I think that Argentina, or any other nation aware of the importance of these issues (the minister of commerce said) will always attempt to avoid allowing any customer to have too much supremacy, call it what you may."

But how did this excessive growth in the trade relations between the Soviet Union and Argentina occur? According to the experts consulted by SOMOS, this type of progress is not normal on the international market, wherein the flow of trade is generally marked by its stability, except in urgent situations such as that of the oil exporting countries after 1973. In the case of Argentina, it is the power of the crops (could one talk about grain-dollars?), in addition to the policy of rejecting the grain embargo which the Carter administration (together with Australia, Canada and West Europe) imposed on the Soviet Union on account of the invasion of Afghanistan. That fact, combined with the chronic failure of Russian agriculture, caused this "boom." In this connection, the remark that a Sovietologist made to SOMOS is also pertinent: "Carter's hope, with the embargo, was to cause a major crisis in the feed for Soviet livestock. Theoretically, Russia, threatened by a serious meat shortage, would be forced to withdraw its troops from Afghanistan. Therefore, the main target of the embargo was the forage crops, corn and sorghum. But Argentina made up for those Soviet shortages, and allowed the Russian livestock to be well fed, enabling them to leave the occupation troops in Afghanistan where they were. Just imagine (he added with considerable rancor), last year we sold $1.5 billion worth of grain and soybeans alone to them, and the total volume marketed was $1.8 billion...."

In his Commerce Ministry office, Dr Alfredo Esposito (undersecretary of international negotiations) did not evade discussing the controversial subjects with SOMOS.

[Question] Will the sales to the Soviet Union continue to increase this year?

[Answer] Last year, we sold 7.5 million tons of grain, and this year the promised volumes already total 10 million tons. But we let them know that we have more to sell: there are about 3 million tons of forage, and 800,000 of soybeans. So the figure could very easily be exceeded.

[Question] And what about meat?

[Answer] We have made an agreement setting a minimum of 60,000 tons and a maximum of 100,000. Last year, we exported 130,000 tons of meat with bone in, and this year the amount may be slightly larger.

[Question] What happened in the case of wine?

[Answer] I think that the vice minister's visit to Mendoza was a success. There will be more discussion of marketing later, but he has taken away a good personal impression of the situation. We shall have to seek agreements which resolve the problem of international prices, because we have prices exceeding those on the markets on which the Soviet Union purchases, especially Algeria.

[Question]It would appear that the Soviets are not satisfied with buying; now they also want to sell. Have they pressured in that direction?

[Answer] They were not very insistent, but they point out that the imbalance is very great. Last year we purchased only $45 million worth from them. They would like to raise that figure to 10 or 15 percent of our sales.

[Question] What have you done about that?

[Answer] We have submitted the matter to the minister of public works (Gen Diego Urricarriet) for a consideration of the possibility of making purchases within that market.

[Question] Isn't there a danger of economic dependence?

[Answer] That could happen only if Argentina rests on its laurels and does not attempt (as it is doing) to diversify its markets. This must be analyzed realistically. The United States and Canada are our competitors. Canada has sold Russia 5 million tons, and the United States has again offered its production to the latter. The European Common Market countries are not only putting all types of obstacles in our path, but also subsidizing agricultural exports, taking over traditionally Argentine markets; and therefore we (also) are considering making a proposal. Japan, which was a good forage purchaser, withdrew from our market. To whom do you want us to sell?

The need to increase purchases from the Soviet Union led SOMOS to investigate other areas. What are the Soviets doing in the country? They are selling it pipes for nuclear powerplants and heavy water; they are installing the turbines for Salto Grande, a turbogenerator for Segba, in Puerto Nuevo, and two thermal machines in Bahia Blanca. They are also rendering technical assistance in the preparation of the Parana Medio project. This is reflected in the presence of 25 Russian technicians (headed by a 40-year old engineer named Aleksandr Fink), who are located in Santa Fe; but, owing to the requirements of their special field (soil reconnaissance) they usually tour other parts of the country. A spokesman from the Water and Power entity remarked: "The fact that they are advisors on the project does not guarantee them that they will also be involved in the supply and construction of the turbines. They will have to compete with other foreign companies."

But no one is unaware of the fact that the "heavy wager" of the Soviet technicians is on the bidding for the Yacyreta generators. In this regard, someone closely

associated with the negotiations commented that this "is only a move that they are making. I do not think that the Soviets have any chance now of being awarded the bid on any of the turbogenerators for Yacyreta." It was learned that the best bid on turbines was made by Allis Chalmers, a North American firm. At the present time, the matter is being studied by the executive branch, but furthermore, it has not been ruled out that at least two of the 20 turbines will be awarded to a native company. Why not the Soviets? It was said: "Simply because their bid is higher than that of the North American firm, and because several problems have arisen with the Salto Grande turbines."

Possibly taking precautions against such potential "losses," the Soviets are said to have evinced an interest in increasing their sales of textile machinery, chemical machinery and food industry machinery, as well as automobiles and consumer goods.

Does this Russian "boom" have Argentina as its only protagonist on the continent? The information in the possession of SOMOS seems to show that it does not. Two major Soviet missions visited Brasilia this year, while a Brazilian delegation is participating, in Moscow, in the First Joint Commission to achieve, within a short time, a volume of commercial exchange exceeding billions of dollars (in 1980, Brazil purchased $401 million worth). The Soviet interest is based on purchases of soybeans, coffee and cacao, and Brazil will employ Russian technicians on the oil prospecting in Sao Paulo.

There is no doubt that the policy pursued by Jimmy Carter toward Argentina is largely responsible for this problem. But, with Ronald Reagan's Republican administration, things have changed. How does the White House view this commercial "romance" between the Soviet Union and Argentina? The sources which were consulted said that "the topic is one of concern," but they do not fail to note that the inequality in the exchange between the United States and Argentina"runs counter to Reagan's plans." The spokesman remarked that, in 1980, Argentina made purchases valued at $2.8 billion, and met with an almost bad reciprocity on the part of the North American authorities. Recently, the Democratic representative from California, Alan Cranston (pro-human rights) reproached the Republican contingent with the remark that, "Despite Reagan's receptiveness, Argentina is still pursuing heavy trade with the Soviet Union." The sources which were consulted said that the topic might be put on the agenda soon.

It was learned that the concern was not only in Washington. SOMOS found out that this matter was discussed by President Viola with his cabinet; and although it was the intention to avoid having this appear like defiance toward President Reagan, the conclusion was reached that the issue was one difficult to resolve. At that meeting, it was also not precluded that the lifting of Washington's grain embargo would of itself alone affect the relationship between the Soviet Union and Argentina: the increase in the supply and the change in prices were said to be the two fundamental reasons.

Key:

1. In Terms of Money: What the Soviet Union purchased from Argentina, in millions of dollars

2. First quarter, estimate

3. The numbers are telling

2909
CSO: 3010/1401

NATION HOPES TO RATIFY PRESENCE IN ANTARCTIC SECTOR

Buenos Aires LA NACION in Spanish 23 May 81 p 6

[Editorial: "Location of the Argentine Sector of Antarctica"]

[Text] The white and frozen expanse of the Argentine sector of Antarctica extends beyond the Tierra del Fuego archipelago to the South Pole itself. "The region is close at hand rather than remote," according to a statement made by the national director of the Antarctic at the closing session of a seminar especially convened to deal with Antarctic subjects. After emphasizing that publicity on the reality of the international Antarctic situation should be broad enough in scope "to prevent our people from being surprised by adverse results and unnecessarily subjected to frustrations which the national government is responsible for avoiding," he said, "The Antarctic region is not subject to a legal system like that of the rest of the American national territory where our sovereign authority is not questioned." He added, "The people should be informed and should understand the origins of the inevitable compromise we must accept to avoid our exclusion from international forums where fundamental decisions are to be made concerning the political, legal and economic future of Antarctica."

The Argentine presence in the frigid and inhospitable southern pampas has been a permanent and clear affirmation of sovereign and inalienable rights as evidenced by a long chapter of efforts and sacrifices in the history of the white continent. After giving an account of the many intensive activities engaged there by groups from the Navy, Air Force and Army, in a self-sacrificing effort along with scientists, technicians, skilled workers and laborers, the national director of the Antarctic emphasized, "Our country is Antarctic by tradition, heritage and vocation; and if we wake up in time to the political, economic, touristic and commercial reality which it virtually is offering us, we could benefit from an increase in productive activities of all kinds."

The existence in force of the Antarctic Treaty, particularly Article 4, protects Argentine rights and, from the political standpoint, establishes certain compromises which, according to the official, "We have to accept to benefit as a signatory nation, which is defending its sovereign rights to the part of the national territory which we consider indivisible from our patrimony."

The country will have an opportunity to ratify its position with respect to the Antarctic Treaty, which was agreed upon in 1959 and which is now signed by 13 nations as consultative members and by nine others as adherents, when its signatories hold

the 11th Consultative Meeting next month in Buenos Aires. According to the duly prepared agenda, the contracting parties, among other things, will consider matters relating to the preservation of the flora and fauna, touristic activities, communications and, basically, everything related to the exploitation of renewable and nonrenewable resources existing in the region, including oil deposits as a preeminent order of business. Doubtless this important meeting will be a suitable forum for confirmation of the clear and precise location of the Argentine Sector of Antarctica, not only in geographic terms but also within the context of international accords.

8143
CSO: 3010/1389

SIGAUT CONFRONTS PROTESTATIONS FROM INDUSTRIAL SECTOR

Buenos Aires SOMOS in Spanish 22 May 81 pp 54-56

[Article by Roberto Fernandez Taboada: "Industry Is Seething"]

[Text]Lorenzo Sigaut's face reflected a mixture of fatigue and disillusionment, emphasized by a stubborn beard which eradicated the meticulous morning shave. After 2 hours facing 100 businessmen (on Tuesday,19 May), the complaints had left obvious traces. The least that was said was: "The rediscount lines are a revolver held by the financiers and leaning on our necks. Our life or death depends on their sense of responsibility and state of mind." In fact, the comment symbolized the complaints that have been heard since the day when the minister opened the packages and prompted many to ask: "But, what do the manufacturers want? Now that measures have been adopted to help them, they are complaining more than before."

The April inflation was merely another incident. One would have to go back about 20 months to find a higher figure. But this was not the only thing that caused a chill to come over the sensitive organs of the economic body. "Something seems to be acting to turn the hands of the clock back," remarked an anonymous observer of the Stock Exchange. Mention was also made of the rejection of the market mechanisms which the industrial organizations launched in connection with the refinancing, and of the (unhurried but non-stop) onslaught against the opening of the economy.

In a statement, the Argentine Industrial Union [UIA] declared: "In the face of one of the greatest imbalances that the country's productive apparatus has withstood, the state's backing is essential, and not the mere use of market criteria that might be considered applicable under normal circumstances." Its voice was not the only one. In a newspaper article, the chairman of the Federation of Textile Manufacturers said: "If the rationale is that this is an emergency situation, emergency mechanisms must be adopted, and they cannot include the establishment of refinancing at a market interest rate." At the same time the influential Association of Metal Manufacturers claimed that the legal coordination of the financial market "has not insured sufficient control to enable the allocation of funds to take place with reasonable criteria." Not even during the final weeks of the Martinez de Hoz administration (typified by the flight of reserves and explosive interest rates) did the business owners' organizations suggest so much dissociation from the free enterprise theory. Amid this atmosphere, one could hear the remark: "Are they asking for a return to the state economic control systems which hemmed in the country for 40 years?"

Manuel Sacerdote, vice president of the Bank of Boston, made the diagnosis: "There are all kinds of business firms asking for protection in the refinancing system, some calling for a more generous system. They may be the ones clamoring for privilege, and seeking to save themselves with subsidies. But there are also those who want restored to them what they lost with the highly positive rates during the first quarter." According to private estimates, the repetition of positive rates during the past 12 months caused debtors to transfer to savings account holders funds that were equivalent to 6 percent of the gross product. Of those 6 points, 4 related only to the first quarter of this year, as a result of the sharp rise in the rates owing to the constant drain on reserves. In March, rates of 10 points per month and more above inflation were reached for borrowers. According to this calculation, about $6 billion was transferred from one sector to another. But this is not the only one involved. The rural area claims that the exchange lag of 1979 and 1980 cost producers about $10 billion, half of which was covered by debt. The industrial sectors make that figure fluctuate between $5 and $8 billion; and, a few days ago, an economic research institute estimated that the banking default amounts to $18 billion.

Whether more dollars or fewer, there is unanimous agreement on something: The transfer of funds caused by high interest rates was enormous. Jacques Hirsch, head of the Industrial Union, commented: "There are some who think that, if the rate was hyperpositive, it would be logical for it to be negative now." And Juan Fabregas, a board member of the Association of Metal Manufacturers and of the Industrial Union, noted: "What industry needs is the restoration of the working capital that has been taken away from it, not only by the high interest, but also by the high taxes." The banking sectors queried by SOMOS agree that the expectations prior to the confirmation of the measures were excessive, and that what the authorities finally decided "was insufficient to calm them, because many of those expectations were unrealistic in view of the country's distribution potential."

A veteran business leader told SOMOS: "Look, I am not going to deny at all that there are people who want to return to the subsidized rates, to state economic control, etc. There are some who think that the only solution is for the state to save them. When a person is on the brink of bankruptcy, he cannot be told that he is promoting state control or socialism. That person has a current, urgent problem. No one can say whether the desperate cases involve 20, 40 or 80 percent of the business firms; but there are plenty." Although the rumors claim that there was a desire to issue from the Stock Exchange a document very similar to that of the Industrial Union (excluding the market as a distributor of the rediscount credits), something which reportedly triggered heated discussions and, eventually, the rejection thereof, the complaints had their effect. The minister of economy, Lorenzo Sigaut, met first (and several times) with businessmen and manufacturers, and later required the banks to notify the Central Bank how and to whom refinancing was being granted. Because (apparently) some banks were offering credit to the sound companies, and not to those undergoing great anxiety.

Hirsch remarked: "The rates should be such that the industries can pay them, and return the loans. I believe that the point of equilibrium is virtually neutral rates." In the Ministry of Economy, one official evaluated the situation thusly: "Of course there are people who want subsidized rates; but we have proved to them that this does not work. If the savings account holder could not protect himself f[illegible]lation, the money that could be lent would decline to minimal levels when

people realized that subsidized rates mean inflation, and that it is this which is paying for the credit in the long run; and that is very dangerous today from a political standpoint. In any event (at least this is what I understand, and I have not yet spoken with the minister), when the manufacturers talk about preferential rates, they may be referring to the terms." SOMOS found several instances of agreement on that same point. The head of the Grain Exchange, Jose Manny Lalor, commented: "Long term credit is the vital explanation for several economic miracles which have occurred in the world. The industry in the United States, Europe and Asia had several years to develop and become powerful. Argentine industry found itself suddenly forced to compete on the market with products from Korea and Taiwan, countries in which the competitiveness was achieved after 9 years of special backing to reach its present efficiency." Apparently, not all the banks are granting refinancing credit on the maximum 4-year term on which the Central Bank is lending them money. And this is another sore point.

The other issue subjected to crossfire is the openness. Hirsch observed: "The Industrial Union will not say no to the openness so long as a realistic rate of exchange is maintained." Generally speaking, this is the position which prevails in big industry, but there are sectors which, faced with the general difficulties upsetting industry, are seeking quotas set on imports. The automotive industry is pursuing that path, and the textile industries are categorical: "We find it necessary to state clearly to the public and the authorities that, without precluding the need to stimulate the export of textile products with proper incentives, it is essential for the textile industry, to which there must be restored an adequate profit margin to enable it to meet its commitments and facilitate its constant modernization and improvement, to have a drastic limitation on imports." So stated the Federation of Argentine Textile Industries.

The City Bank feels that the issue of interest rates may (possibly) be coming into an umbra, "because it is extremely difficult (if not impossible) to return to negative rates as a system, even though there may be some line or other with certain advantages for enterprise when the industrial profile is determined." The matter of openness will come under discussion again. Within 6 months, a committee will be engaged in another revision (which is already under way) of the tariff structure, and as that date approaches, there will be an agitation of the waters. For the present, after the 5-point rise in the minimum tariff, plus the devaluation and the suspension of the program for tariff reductions left by the Martinez de Hoz team, the current economic leadership became cheerful on Tuesday, predicting that the balance of foreign trade might even have a surplus; whereas, at the beginning of the year, there had been talk of a "small sized" deficit. An official told SOMOS: "On this basis, it would be very difficult for the Ministry of Economy to compromise, and take the path of closing the economy." If one adds to this the future revision of the antidumping legislation, to make it more stringent, it is likely that, as Jacques Hirsch remarked, "All this will serve to revive industry, without the need for undertaking a closing of the economy, which would unquestionably have negative effects."

But, beyond the statements as to yes or no, something was stirring in the depths of the business owners' thoughts after the anti-inflationary constriction of April. The following two SOMOS dialogs are perhaps a good example:

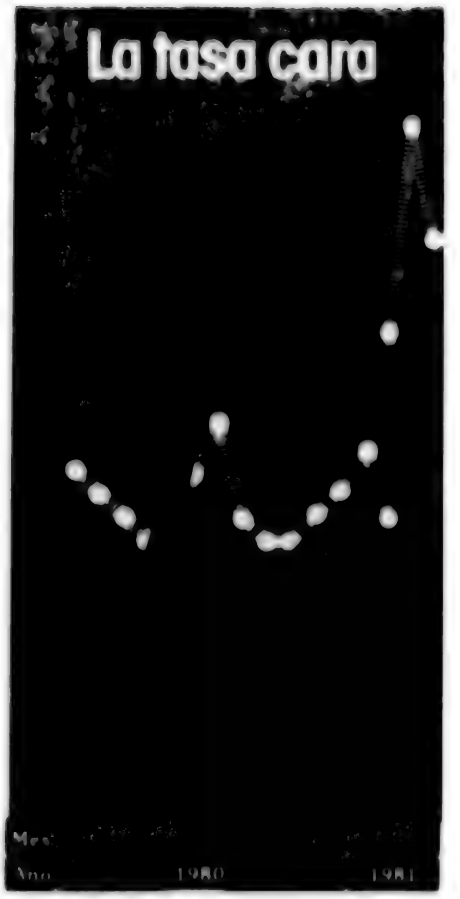
[Question] Has the government's philosophy changed?

[Manuel Sacerdote] I do not find that the measures which have been adopted entail any change in philosophy from what has been done. The tariffs were reduced first, and later increased. The reduction program was subjected to a freeze for 180 days, while a committee studied its degree of discrimination and preparations were made to propose the final structure. Nor do I discern any move toward a control of exchange. Prices and rates are still being set freely, and there are no obstacles to importing. There is complete freedom of trade, and there is no indication that it will change.

[Question] Do we have to return to a state controlled economy?

[Juan Fabregas] To emerge from the situation in which we are involved, there is no other recourse. Furthermore, we have never ceased to have a state controlled economy. Since 1978, Martinez de Hoz controlled it through the monetary system. That is why we have reached the situation in which we find ourselves. Since we are reaching the last minutes of our time, it must be controlled, and forcefully. Later we shall have to return to an open economy, but one that is really open, not like the one which we have had for the past 5 years; because that one, with price controls, moratorium, tariffs providing less than real protection, and controlled money and exchange, that one was not free.

While this situation unfolds, many sectors scent (especially because of certain portions of the document) a Developmentist progress within the Industrial Union. An individual close to the leadership told SOMOS: "It is true that there is more Developmentist influence in this Industrial Union than in the one of 1972, but it does not seem to me to be so much as some would like to believe now." Juan Fabregas, vice chairman of the Industrial Union and of the Association of Metal Manufacturers, was more categorical: "I assure you that we are not opposed to the Developmentists. We are very close to them philosophically. But we want the development for the prosperity of business and of the country, not to be applied to politics. Actually, many Developmentists have entered the Industrial Union, and we agree in many respects; but we are not politicians, and we want the entity to remain dissociated from politics."



Key:

1. The High Rate, Percentage
2. First line rate, 30 days (average for the month)
3. Wholesale prices (monthly variation)
4. Month
5. Year

2909
CSO: 3010/1401

BRIEFS

SDP DEFECTIONS--Attorney Elliott Lockhart is the fourth member of the opposition Social Democratic Party to resign to join the minority Free National Democratic Movement. Mr Lockhart, 26, one of the first five members named to the SDP Action Committee in February when three members left to join the FNDM, handed in his resignation to SDP Deputy Leader Keith Duncombe yesterday. "I have taken this step after careful consideration and have come to the conclusion that a single, strong opposition party is in the best interest of the country at this time," Mr Lockhart said in a press statement. "I believe that the Free National Democratic Movement, under the leadership of Mr Kendal G L Isaacs is best able to serve this need and has the best chances of success at the polls," Mr Lockhart added. Mr Lockhart's resignation from the SDP came three months after Mr Fred Ramsey, Mr Michael Brown and Mr Beauford Cox resigned to join the FNDM. [Excerpts] [Nassau THE TRIBUNE in English 16 May 81 p 1]

SDP OUT ISLANDS PLAN--The official opposition Social Democratic Party is advocating the creation of alternate population centres in the Family Islands "as a vital first step towards nationwide economic recovery and growth." "National priority must be given to the aggressive and rapid development of the islands, as a cornerstone of any realistic development programme for the entire Bahamas," an SDP spokesman said. The creation of alternate population centres (APCs), the spokesman said, is a bold new concept developed by the SDP and designed to reverse the long established trend of population shift from island communities into New Providence. The party's views on this issue, the spokesman said, have been strongly reinforced by the preliminary results of the 1980 census. [Excerpt] [Nassau THE TRIBUNE in English 19 May 81 pp 1,11]

CSO: 3025

SUGAR REFINERY COMPANY (CRAV) FAILURE CAUSES DEBATE

Caracas EL NACIONAL in Spanish 21 May 81 p A-12

[Article by Wilson Tapia, Santiago correspondent of EL NACIONAL: "Speculation Puts the Chilean Model to the Test"]

[Text] Santiago, 20, (exclusive)--The country's financial and banking sectors are experiencing a sharp earthquake as a result of the virtual failure of the large economic group headed by Jorge Ross. The conglomerate, which has investments in sugar refining, mutual funds, insurance, food and electricity distribution, has had to suspend its operations. A speculative maneuver in sugar, amounting to close to $300 million, failed because of the drop of this product on the international market. A number of local banks--including the State Bank--and financial companies were affected. At least 400 workers have lost their jobs and the nation's sugar beet producers are facing an uncertain situation being experienced at present by the Vina del Mar Sugar Refinery Company (CRAV) and learned early in May. Details are known only now and their magnitude exceeds the estimates made at first. According to an independent economist, the failure of CRAV is the same, in Chile, as a shutdown of Ford Motor Company in the United States.

The group headed by Jorge Ross is one of the three most powerful in the country. Its influence on sugar trade was irresistible. In addition to refining, it went fully into local production recently. By means of the measures applied by the present government with regard to fiscal investments, CRAV bought two of the sugar-beet plants that belonged, up to that time, to the National Sugar Industry (IANSA) with majority ownership by the state. CRAV paid $43 million cash for the deal. At present, the Linares and Los Angeles plants have purchase contracts pending with sugar beet producers. But so far it is not known what their fate will be.

Early this month, CRAV executives announced to their 400 workers that the company had decided to shut down the refining plant. Therefore, their contracts had expired. At that time, it was explained that this step was being taken owing to the fact that, because of the policy followed by the government authorities, sugar refining had stopped being profitable. Nevertheless, these explanations were soon refuted by the facts.

During the last months of last year and in the first months of 1981, CRAV bought around 120,000 metric tons of sugar at $1,000 a ton. At that time, it was said that the price would not only be maintained but that it would continue to rise. But the forecasts failed to materialize and at present the product is quoted at $580 a metric ton.

Altogether, according to estimates, the group's total debts probably amount to $242.7 million. The assets of the companies involved probably amount only to $120 million.

Among those principally affected by the debts that CRAV and the other companies managed by the Ross group are said to be leaving are the State Bank, $108 million; the Chile Bank, $55 million; the Credit and Investment Bank, $20 million; the Bank of Santiago and National Securities Marketing Company, $20 million; the Labor Bank, $20 million, and other firms.

It was said in banking circles that this is probably not the first speculative transaction carried out by the group. But that, this time, failure upset the plans and seriously jeopardized the stability of a number of banks and financial houses that competed for the credit transactions of the Ross group.

Up to now, it is not known what solution will be sought for settling the crisis. Thought has been given to a possible transfer of some of the enterprises to competitive groups: Cruzat-Larrain or the one headed by Javiar Vial. The situation for the Javier Vial group is especially critical, because of the unpaid debt contracted by CRAV with the Chile Bank--managed by the Vial group--has threatened this year's earnings.

Another solution would be for the state to take over the problem. Its main bank--the State Bank--is the one most affected. But, if the authorities take that kind of attitude, they would be removing merit from the essence of the economic model prevailing at present in Chile.

Semiofficial spokesmen, on the other hand, have asked for drastic penalties for the speculative process that failed. Commentator Federico Willoughby, an enthusiastic supporter of the present regime, maintains that the problem is not only economic. He points out that the persons involved have acted coldly, withdrawing their assets from mutual funds that they themselves set up and that they have established Panamanian companies that could not be penalized because of the present scandal.

The atmosphere surrounding the one appearing as principal head of the group responsible for the deal, Jorge Ross, does not appear to be completely unfavorable. Recently, he was elected president of COPEC [Chilean Oil Company], one of the leading distributors of oil derivatives in Chile. The Cruzat-Larrain group owns 18 percent of the shares of COPEC.

The failure of CRAV has given rise to considerable commotion here. Its behind-the-scenes events are not yet completely known. But it is obvious that present indications have served to reactivate debates concerning the props on which the economic model now being applied rests. Economic freedom has not shown itself to be effective for coping with speculative maneuvers. And the consequences have affected a wide range of the community. Banks and financial houses have unpaid obligations and 400 workers have been left without a job.

10,042
CSO: 3010/1418

SOVIET PEACE INITIATIVES SEEMINGLY REJECTED BY WHITE HOUSE

Havana PRISMA LATINOAMERICANO in Spanish Apr 81 p 19

[Article by Irma Caceres: "In Defense of Peace"]

[Text] Moscow. When the Republican administration moved into the White House it was not expected that only a month later it would have to deal with a peace plan proposed by the Soviet Union.

Toward the end of last February, President Leonid Brezhnev completed a complex of political and military measures covering nuclear missiles, conventional weapons and the situation in Europe and the Near, Middle and Far East.

Brezhnev proposed to the 26th Congress of the Communist Party of the Soviet Union that a special session of the Security Council of the United Nations be convoked, with the highest leaders of the member nations participating, in order to improve the climate of international relations and prevent a war.

The American chief executive, Ronald Reagan, has avoided acceptance of the Soviet proposal and concealed a real refusal behind the claim that it is not possible to know to what point the Soviet Union's desire for peace extends.

Reagan reiterated in various statements that "a summit meeting requires numerous preparations and the first requirement, from our point of view, is the promise we have made to our allies that we will take unilateral steps."

Other statesmen, among them those of some European countries, as well as international organizations, opposing the position adopted by Reagan, have left the door open for the beginning of a study of the Soviet plan, because they regard it as an intelligent and realistic approach to the complex problems being experienced by mankind at this time.

The international climate is becoming increasingly difficult to the extent that the United States attempts to maintain a policy of force against the political, economic and military potential the socialist community, with its links with the underdeveloped countries, represents.

The timely proposal by Brezhnev has won the support of more than a hundred representatives throughout the world who traveled to the USSR to attend that meeting, an important step in the present situation when a real risk of a nuclear disaster exists.

The congress was attended by the largest number of delegations representing communist and workers' and other revolutionary parties ever seen in the history of the CPSU.

The meeting held in Moscow also served to allow the main leaders of a number of countries in Asia, Africa, Latin America and Europe to exchange views about those conflicts such as those in the Middle East, Central America, the African Southern Cone, the Arabian-Persian Gulf and Asia which are causing tensions and differences.

At the same time, it provided support for the Soviet policy of maintaining cooperative relations of mutual benefit with all the countries which so desire, in its capacity as a developed socialist state.

The new proposal of the USSR is without a doubt a link in the multiple peace efforts of the government and party of the USSR, totaling more than a hundred in the past 35 years.

By way of example we will list some of the proposals to the benefit of peace put forth by the USSR in the United Nations and other international forums in the 1970s.

In 1975 it set forth two proposals, one on the possibility of creating and producing fewer types of weapons for mass extermination and systems of such weapons, and another on the complete and general banning of nuclear weapons.

Shortly afterward, in 1976, the Soviet Union came out in favor of reaching a world agreement prohibiting the use of force in international relations, and in 1977 it proposed that steps be taken to deepen detente.

The following year it outlined the practical paths toward ending the armaments race, and in 1979 the USSR and the member nations of the Warsaw Pact again urged that this goal be achieved. It should be stressed that in that year, the USSR unilaterally withdrew 20,000 men and 1,000 tanks, as well as other war materiel, from Central Europe.

During the past year, a number of similar measures were urged, among them a summit meeting of all the chiefs of state in the world and a reduction of the military troops of the United States and the USSR.

It should be emphasized that as a response to the Soviet position, the United States and NATO decided on the placement of new types of medium-range missiles with nuclear warheads in Europe.

With a greater or lesser degree of reticence, the successive chiefs of state in the White House have avoided these possibilities of reaching agreement through negotiations and have continued their propaganda, calling the Soviet Union "the potential enemy of the peoples."

During the Moscow forum, the foreign delegations voiced the need to maintain unity in the interests of peace and the advance of mankind, a joint position fully consistent with the peace plan proposed by the Soviet party.

No one in these recent weeks has remained unaware of the differences existing between the reluctant position of the United States and Great Britain and those of France, the FRG or Italy, which are involved in their own contradictions, without denying the need to exorcise the specter of war.

The most unperceptive observers of international events can arrive at certain conclusions on studying the most recent concrete steps taken by the USSR in search of peace, and the policy of imperial terror pursued by the United States in an effort to intimidate the peoples seeking their liberation.

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WORLD VIEW URGED ON INTERNATIONAL ECONOMIC ISSUES

Havana PRISMA LATINOAMERICANO in Spanish Apr 81 p 58

[Article by Jose Bodes Gomes: "On With Global Negotiations!"]

[Text] Among the many economic negotiations in progress in the international forums there is one which merits special attention because of its importance: global negotiations.

The ardent reader of economic reports will already be familiar with this term, which in its brief wording defines the essence of its content. These negotiations are called global because their content covers the main problems in the world economy, above all the problems facing the underdeveloped countries.

The idea of engaging in these negotiations developed at the Sixth Summit Conference of the Movement of Nonaligned Nations held in Havana in September 1979. The necessity of such negotiations was dictated by the standstill which for some years had characterized the negotiations pursued in various international bodies on specific and separate themes.

The establishment of various specialized agencies within the United Nations system in the past two decades for the intensive study of various economic problems has meant study in greater depth and greater specificity in the discussions, but the dispersal of the subjects added to the failure of almost all of these negotiations has led to a critical situation.

The root of the evil lies in the fact that the new bodies, such as the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO), have been unable to measure up to the hopes placed in them because, among other reasons, the old institutional system created at the end of World War II still exists, and along with it, the domination of a small group of nations in the discussion of the key questions remains.

Let us take an example: international trade.

At the end of the 1940s, the General Agreement on Tariffs and Trade (GATT) was organized with a view to coordinating the trade policy of each of the signatory nations and achieving more flexible trade. In practice, as the negotiations in the Tokyo Round demonstrated, the GATT has served as a forum for discussion for the developed countries, but has satisfied the interests of the underdeveloped countries.

Toward the middle of the 1960s, the UNCTAD was created with a view to linking trade problems and development problems in a single organization, which could take charge of both aspects. However, the developed capitalist countries persisted in limiting the realm of the UNCTAD to a forum for discussion without the power to resolve problems, and all firm negotiations are transferred to the jurisdiction of the GATT, where they enjoy an influential position as "high contracting parties."

In the realm of monetary and financial matters, the institutional situation is even more disadvantageous to the underdeveloped countries, since there is a voting mechanism within the International Monetary Fund and the World Bank which condemns them to a minority position, without the opportunity to participate effectively in their decisions.

The most recent annual report of the World Bank can help us to understand this situation, although this was not, naturally, the intention of its editors. At the end of the 1979 fiscal year, the document reports, the officials coming from the developing nations (underdeveloped countries) on the higher bank levels accounted for 27.5 percent of the total, as compared to 22 at the end of the 1975 fiscal year.

Despite this increase, the representatives of the underdeveloped countries continue to be a definite minority among the higher World Bank personnel. And this minority becomes still more pronounced at the very highest level of the institution, as we will subsequently see.

The 1980 report identifies the 20 executive directors of the bank and the countries they represent. The United States heads the list, and it alone accounts for 21.95 percent of the total authorized votes. If we add to this representatives of the four other developed capitalist countries (Great Britain, the FRG, France and Japan), the total voting power comes to 46.66 percent. The result of this decision-making mechanism means that a limited number of countries controls an institution in which 135 nations are involved, nine-tenths of them having no power at all to alter this system.

The holding of global negotiations about the problems pertaining to raw materials, energy, trade, development and monetary and financial matters provides an opportunity to correct the situations of privilege which have now become the greatest obstacles to the establishment of the new international economic order.

The United States, Great Britain and the FRG were mentioned by the underdeveloped countries as the nations responsible for the failure of the 11th extraordinary period of General Assembly sessions at the UN in September of 1980, due to their refusal to join the rest of the nations in agreeing to convoke global negotiations which were to have begun in January 1981. Their refusal was due basically to the fact that they do not accept any other framework of negotiation for monetary and financial matters than those already in existence, on the basis of which the current voting system is maintained.

The capitalist powers are making use of the refrain, in other words, according to which "the known old order is better than an unknown new one," particularly since this old order has enabled them to impose their economic dictates.

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COLONIALISM, OIL ISSUE CAUSES OF LATIN AMERICAN CONFLICT

Havana PRISMA LATINOAMERICANO in Spanish Apr 81 p 2

[Article by Carlos Mora Herman: "Marlborough Is Off To War"]

[Text] Suddenly, the peace which had flourished for a long time in this zone to the north of Peru approaching the frontier with Ecuador ended.

San Pedro de Lloc, Pacasmayo, Chiclayo, Reque, Olmos, Plura, Sullana, Chepen, Lambayeque Motupe were all suddenly shaken by the rumbling of the engines of armored artillery vehicles and the passage of heavy military reinforcements.

Something comparable happened in Pinas, Zaruma, Macara, Pasaje, Machala and Saraguro on the Ecuadorian side.

In the blink of an eye, war had broken out and the skies were traversed by Mirage, A-37 and Khoi aircraft, while warships appeared in the broad bay of Paita.

Patriotic fervor erupted, flags appeared outside homes and the citizens took to the streets to cheer on the troops and urge them to triumph and punish the enemy.

The curious thing is that each side believed that it had been invaded.

In Tumbes--heat and mosquitoes--all trade, legal and illegal, with Ecuador was cut off.

The two-way smuggling between the towns of Aguas Verdes in Peru and Huaquilias in Ecuador was suspended.

The prices of products spiraled dizzyingly "because of the war" and tradesmen left the zone after locking up their businesses.

The Tumbes parade ground became a peaceful backwater where people who because of the war had very little to do commented on events and contemplated the few trees embellishing the spot, which bear huge fruits, hard as rocks and entirely inedible, which the local people call "matacojudo."

The tradesmen, prevented from negotiating across the international bridge, did so a little farther along, in the dry bed of the river, under the curious gaze of the journalists sniffing around the area.

The boundary problem between Ecuador and Peru had apparently been resolved in 1942 by means of a protocol signed in Rio de Janeiro and guaranteed by Argentina, Brazil, Chile and the United States.

On that occasion the United States Air Force was entrusted with the task of making an aerial photographic survey, which took more than three years to complete and cost 14 lives when aircraft crashed.

The El Condor mountain range zone and the area where the Zamora and Santiago rivers merge is very misty, to the point that the aerial survey even revealed a river which had not been known before, the Cenepa.

The Rio protocol established that the frontier between the two countries was the summit of the El Condor chain, but it gave the Peruvians some 200,000 square km of Ecuadorian territory and left 78 square km around the frontier undefined.

This led to armed clashes in 1955, 1960 and later in 1978.

The Ecuadorians built frontier posts in this 78-square-km no man's land. One of them was named Paquisha, and it was there that the most violent clashes occurred, when the Peruvians attacked to oust the Ecuadorian "invaders."

A glance at a map of the continent suffices to remind one of the old boundary conflicts involving Chile, Argentina, Peru, Bolivia, Ecuador, Colombia, Venezuela, Guyana, El Salvador and Honduras.

They were in the majority of cases a legacy from Spanish colonialism and the product of the frontier divisions effected on the basis of the achievement of independence and the failure of Bolivar's dream of a Greater Colombia.

Another of the problems of this sort which has been causing disturbances for a number of years is that involving Colombia and Venezuela, although in this case there was no outbreak of war. The dispute has been limited to verbal violence and newspaper campaigns.

Where this difference is concerned, it dates back to the 18th century and its focal point is the Gulf of Venezuela, a great historic bay with an area of 27,000 km and 678 km of coastline, the maritime approach to Lake Maracaibo in the northwestern part of Venezuela with its small Los Monjes archipelago and the La Goajira Peninsula.

Venezuela challenges the Colombian frontier from the La Goajira Peninsula to the north down to the tributaries of the Orinoco River to the south.

These frontiers were established by means of a treaty signed in 1833 which was later rejected by the Venezuelan congress.

In 1889 a Spanish arbiter handed down a judgment which was regarded as threatening to the interests of Venezuela. Both parties agreed to a review of this judgment, which Venezuela later applied to have nullified, to which the international court agreed in 1941. Since then no decision has been handed down in this regard.

The problem in these cases lies in the fact that a whole series of trade and social links exists on both sides of these frontiers.

It is estimated that some 2 million undocumented Colombians are living in Venezuela. In the case of Ecuador and Peru, there is very intensive trade across the frontier and relations linking Ecuadorian and Peruvian citizens.

In both differences on boundary issues, oil plays a role of tremendous importance.

Clearly economic reasons are mixed with geopolitical ones.

Oil has become the most important geopolitical factor in the world in the decade of the 80s.

Astute analysts say that the hand of the great oil enterprises is behind these frontier problems and is stirring up these contradictions, as was the case in 1932 with Bolivia and Paraguay or with the oil in El Chaco.

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SOVIET NAVAL OFFICER PRAISES COUNTRY'S ACHIEVEMENTS

Havana VERDE OLIVO in Spanish 3 May 81 pp 10-12

[Interview with Vice Adm Vladimir A. Samoilov, first deputy chief of the Soviet Navy's Black Sea Fleet, By Jorge Luis Blanco on board the Soviet ship Nikolayev; date not given]

[Text] Vice Adm Vladimir A. Samoilov, first deputy chief of the Black Sea Fleet and commander of the Soviet naval detachment which is here on an official and friendly visit, is an affable man, considerate with newsmen. It was during his visit to the Playa Giron Museum that we approached him to arrange for the interview. He answered immediately, "I will expect you tomorrow at 1400 hours on board the Nikolayev."

The following day at the appointed hour we boarded the naval detachment's flagship anchored in the beautiful bay of Cienfuegos. An officer took us to Vice Adm Vladimir A. Samoilov, who was waiting for us in a small but hospitable meeting room decorated with marine motifs, in which every piece of furniture was placed with exquisite taste. We found our interviewee seated at a desk constructed of fine woods.

After the usual exchange of greetings, the first deputy chief of the Black Sea Fleet apologized for the short time allotted to the newsmen, since other commitments were awaiting him. Then he opened the dialogue.

[Question] What importance do you attribute to the Soviet naval detachment's visit just when we are commemorating the 20th anniversary of the victory of Playa Giron?

[Answer] What better time to visit this beautiful and hospitable country than when it is remembering events which are so important not only for Cuba, but also for the entire progressive and revolutionary world. I refer to the founding of the Cuban Communist Party, the proclamation of the socialist character of the revolution and the important military victory against American imperialism on the sands of Playa Giron.

This visit is only the continuation of the solid ties of friendship and cooperation which have characterized the peoples of Cuba and the USSR in the last few years, relations which are truly exemplary, as Commander in Chief Fidel Castro has so rightly called them.

Of course, the imperialists have tried to distort this friendship in the eyes of the world, particularly in recent times as they increase their anti-Cuban and anti-Soviet campaigns. Cuba's enemies must always bear in mind that Cuba is part of the socialist

community and that at no time will its people have to face aggression alone. The USSR will support, resolutely and definitively, this island of freedom; this was confirmed recently by Comrade Leonid Ilich Brezhnev, secretary general of the CPSU Central Committee, in his speech to the 26th Congress of the Czechoslovak Communist Party.

Vice Adm Vladimir A. Samoilov was born into a peasant family in 1927. He received his middle schooling at a special naval school very similar to our Camilo Cienfuegos Military Vocational Schools.

He entered Mikhail Frunze Higher Naval School in 1945, graduating in 1949, and immediately became commander of a submarine. Later he held various posts, until he was promoted to first deputy commander of the Black Sea Fleet.

He holds, among other decorations, two Orders of the Red Star and one Order of Service to the Fatherland in the Armed Forces.

Married and the father of two children, his greatest pride is his little grandaughter who recently had her sixth birthday--on 12 April, to be exact, the 20th anniversary of the first space flight by Yuri Gagarin.

To question, "What has impressed you most during your sojourn in Cuba?" Vice Adm Vladimir A. Samoilov replied:

"Chiefly the love with which the Cuban people are building socialism. This can be seen in all the enterprises I have visited, in every contact with men and women of different ages and occupations.

"Although this is the first time I have visited Cuba, the changes in the social and economic order are enormous. They call attention to the many industrial enterprises which are being built everywhere and the developments in agriculture, edcuation, culture and public health, as well as the solution of the housing problem through the creation of microbrigades among the workers themselves.

"Also very striking for us has been the participation in the events commemorating the 20th anniversary of the Playa Giron victory. The identification between Commander in Chief Fidel Castro and his people is noteworthy. His speeches are full of enthusiasm and revolutionary fervor and synthesize the patriotic and fighting spirit of all the men and women--and even of the children -in building a more just society."

When one mentions the Great War for the Fatherland of the Soviet people against German fascism, one cannot ignore the outstanding role played by the Black Sea Fleet, of which Vice Adm Vladimir A. Samoilov is currently first deputy commander.

During those glorious days, naval aircraft, several types of ships, submarines and marines interfered decisively in Hitler's plans. Victory after victory, the Black Sea Fleet wrote briiliant pages in combat history, and its traditions have come down to present generations with all their vigor and freshness.

"The Black Sea Fleet," says Vice Adm Vladimir A. Samoilov, "was a formidable fighting force which, along with the other branches of the service, defended the southern borders of the country with honor and valor.

"Magnificent pages were written in the military history of the Soviet Union by our sailors in Odessa, Sebastopol, Crimea, the Azov Sea, the Caucasus and Novorossusk."

The principal base of the Black Sea Fleet was in Sebastopol. Long and bloody battles took place there. When the city was blockaded in the spring of 1942 by countless German forces, including a special air corps, torpedo launchers, submarines and others, the ships of the Black Sea Fleet were the only transports able to bring provisions to the besieged troops. Approximately 30,000 persons were awarded the "Defense of Sebastopol" medal, among them many members of the Black Sea Fleet.

"Likewise," continued Vice Adm Vladimir A. Samoilov,"military leaders were outstanding, such as, among others, Adm S. G. Gorshkov and Adm F. Oktiabrski, who, as commanders of the Azov Sea Fleet and the Black Sea Fleet, respectively, demonstrated to the Germans the skill and bravery of Soviet sailors."

During the Great War for the Fatherland many of the units received various medals and orders. The creation of units of the Guard began during the battles for the defense of Byelorussia, near Smolensk and in the vicinity of Moscow, in the summer and autumn of 1941, because of the heroism, audacity and military skill demonstrated in each battle fought in defense of the Soviet fatherland. Many units, including the Black Sea Fleet, received the Order of the Red Flag.

In this regard, Vice Adm Vladimir A. Samoilov says:

"Although the conditions under which the fighting took place in the naval theater during the Great War for the Fatherland were extremely difficult, the Black Sea Fleet was able to grow constantly and to discharge with honor and bravery all missions assigned to it. This is why it received the Order of the Red Flag.

"To illustrate how much the Black Sea Fleet contributed to the victory, I might mention the outstanding participation of the naval air force, which made 131,637 combat flights, with hundreds of ships sunk or damaged, 2,149 aircraft destroyed, 650 tanks and 780 artillery pieces destroyed and 500,000 German soldiers and officers disabled.

"The Soviet Communist Party highly valued the heroism of the Black Sea Fleet personnel and conferred 228 Hero of the Soviet Union medals and other tens of thousands of decorations. Eighteen ships and other units also received the Guard medal."

In educating their soldiers, the Soviet Armed Forces leadership starts with Vladimir Ilich Lenin's conclusion that "in every war the victory depends, ultimately, on the spirit which animates the masses whose blood is being spilled on the battlefield."

For this reason the Soviet Navy gives special attention to political and party work with all personnel. Many sources are used to carry out this objective. Chief among them is mastery of Marxism-Leninism. Also, among other things, the constitution of the USSR and the speeches of Leonid Ilich Brezhnev, secretary general of the CPSU, are studied. Important questions relative to the domestic and foreign policy of the Communist Party are explained therein. Questioned about this, Vice Adm Vladimir A. Samoilov said:

"At the present time, when imperialism is stepping up its arms race and bringing the world closer each day to the brink of a nuclear confrontation, our navy is increasing and improving its political and party work to demonstrate to the members where their duty lies and what is the real nature of the enemies of socialism, that is to say, of humanity.

"The political and ideological work is directed at mobilizing the sailors and officers to the successful discharge of their respective missions and tasks. For us, man has been and will always be the decisive element in combat, and that is why so much attention is given to his training. In all wars imposed on the Soviet people by the aggressive forces of imperialism, one of the decisive sources of our victories has been the deep ideological conviction, the communist ideology of the soldiers. A great part of the effort is aimed at this objective.

"At this time, in addition to the political and ideological resources being used to raise the fighting spirit of our units, special emphasis is being placed on the study of the documents which came out of the 26th CPSU Congress, where the strategy and tactics of the party are traced through society as a whole, from the political as well as the social, economic and cultural point of view."

Finally, Vice Adm Vladimir A. Samoilov saluted through our pages the members of the Revolutionary Armed Forces, especially those of the navy, and the rest of the people.

"We have seen with satisfaction how the Revolutionary Armed Forces are equipped with modern combat technology and all their personnel magnificently trained to defend the achievements of the first socialist state in the Western Hemisphere, ensuring the peaceful and creative work of the Cuban people.

"I wish you success in the improvement of your combat readiness and political training, in discharging with honor the sacred trust placed in you, the people and the Communist Party of Cuba.

"I wish also to send a greeting to those who fought in the Sierra Maestre and Escambray, in each battle which led to the bright future which today is being built on this island of freedom, and in particular to those who fought and gave their lives for socialism on the sands of Playa Giron.

"I also wish to send a greeting to all the Cuban people from the Soviet Navy, and to remind them that the USSR and Cuba are advancing victoriously toward the same port: the building of the society of the future, the communist society.

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REAGAN ECONOMIC, FOREIGN POLICIES CRITICIZED

Havana CUBA INTERNACIONAL in Spanish Apr 81 p 12

[Article by Eloy Concepcion]

[Text] President Ronald Reagan has admitted what the entire world has known for several years: the United States is faced with a disastrous economic situation and a loss of international credibility.

To observers, the problem now lies in knowing to what point the former empire is capable of mobilizing its own resources and understanding that the present world is not, nor does it in any way resemble, what it was at the end of World War II.

The Republican administration is faced with a choice: to give in to the pressure groups which brought it to the Oval Office or to follow a "centrist" policy which might achieve a balance of power capable of finding a way out of the crisis.

In his speech, which was dramatic and supported by figures, Reagan made it understood that, as far as domestic policy is concerned, the measures are not so easy as they were proclaimed to be in the presidential campaign.

The current situation of the United States has been called by the American press itself an "economic Dunkirk," in reference to the American disaster in World War II.

The President outlined his plan for economic recovery, which includes changes in seven areas of the country's development.

The sectors affected are the space program (without endangering defense), urban transportation, construction of turnpikes and highways, scientific research related to the fight against disease, energy, foreign aid and social programs.

The contradiction in the plan, for analysts of the American situation, is contained in one serious aspect thereof: considerable increases in U.S. defense plans and rearmament.

This contradiction is based on the principles which govern the policy of those who have assumed power in the United States: to recover international "prestige" and return to a position of "world leadership."

If on the one hand the U.S. Government is at the point of "declaring a national emergency" because of the state of its economy, on the other hand, it is proclaim-

ing and taking steps toward rearmament and the arms race, which is placing the world only a step away from nuclear disaster.

The gist of the question is clear: the crisis in the United States cannot be resolved easily, and its leaders "are preparing the people psychologically" for difficult days, including a war.

The situation will progress dangerously when the 7 million unemployed find themselves deprived of their food stamps, the sick find their social assistance reduced, the children in poor areas cannot have transportation to schools and the youth have to go to the recruiting offices and sign up for the armed services.

An already "outmoded" principle is being established in foreign policy: that of negotiating from a position of strength.

The deployment of the neutron bomb in Europe and the development and manufacture of chemical weapons and nerve gases are part of that policy of "instilling fear."

In the last few years the United States has propagandized the idea of Soviet superiority to justify rearmament and the arms race.

If the Republican administration has believed its own propaganda, it must be asking itself: Is the policy of strength announced at the negotiating table realistic?

The nuclear arsenals are accumulating such a large number of bombs that their detonation would inevitably bring on the apocalypse.

It is foolish to think that "limited wars" are not the fuse capable of setting off the mechanism of "total war."

At this crossroads, the sensible thing for the United States is to negotiate for survival, but the road they have taken leads to a point of no return.

One does not obtain international prestige with the neutron bomb or with the help of regimes which massacre their people in the name of democracy.

There is no doubt that the Reagan administration inherited a nation without prestige; it has supported the former Shah of Iran, the military junta that is murdering the Salvadoran people, the Pinochet regime, Israeli Zionism and South African racism.

Will it, then, change its policy of supporting reactionary regimes to gain prestige?

Undoubtedly not. On the contrary, that aid will increase, and therefore the desire to gain prestige is a demagogic way of confusing fools.

The first steps taken by the administration demonstrate that Reagan and his chief advisers are faithful to the principles proclaimed in the election campaign.

The next few months will be a barometer to measure to what point the government will be capable of coming out of the economic crisis or whether, on the contrary, it will adopt new interventionist policies in an attempt to make American citizens forget their own troubles.

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SOCIALIST PARTY ESTABLISHED, PURPOSE NOTED

Santo Domingo EL NACIONAL in Spanish 27 Apr 81 p 2

[Text] With a great deal more music, doves and art than speeches the Socialist Party [PS] was founded yesterday, 26 April, before an audience which filled the grandstand and the bleacher seats at the Club Mauricio Baez.

The president of the new party of the left, Max Puig, asserted that the party has come into being in order to transform the exploitation of the humble Dominicans into a social force which will convert the nation to socialism.

The leftist leader stated that the PS accepts the challenge of the president of the National Council of Businessmen, Dr Luis Augusto Ginebra Henriquez, to an ideological debate on what Dr Ginebra calls "the communist threat."

"We cannot let this occasion pass without making it a matter of record that the PS accepts the challenge which has been hurled at the progressive and revolutionary forces by the president of the National Council of Businessmen. This ideological confrontation is not only necessary but also desirable for our country. And in spite of the unequal distribution of the available means, we are willing to fight the battle of ideas," Max Puig said in his speech.

There were two speakers at the ceremony: Aristides Santana, secretary general, who read the declaration of the establishment of the PS and Puig, who gave the principal address.

The program ended with an artistic performance in which Sonia Silvestre, Fernando Palomo and the Lodo group, the latter from the General Workers' Central, took part.

Aristides Santana stated that the PS aspires to be a creative party, fully committed to the building of a revolutionary road as its everyday task.

He stated that the undertaking will have the support of the Dominican people who, he said, will seek to map out their own historic socialist path with full confidence in the future of humanity.

Max Puig stated that the first undertaking of the PS will be to promote the development of the combat forces of the masses, lending all possible power to the workers' struggle to recover what is due them.

[illegible] called [illegible] for a demobilization of the people under the slogan that political interrogation should not be promoted. "This slogan has a reactionary ring to it," he said.

However, he felt that the first obligation is to fight for the preservation and [illegible] of public democratic freedoms.

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MPD ISSUES STATEMENT ON POLITICAL DEVELOPMENTS

Santo Domingo El NACIONAL in Spanish 23 Apr 81 p 17

[Paid advertisement by the Political Committee of the Dominican Popular Movement [MPD]]

[Text] The repressive measures with all their violence and killings, woundings, arrests and tortures are no surprise to the MPD since for more than a year we have been warning our members and the parties of the revolutionary left that around election time the desire to continue in office on the part of President Guzman and the groups of second-rate technocrats and politicians who surround him and feed at the public trough gives them no other option but to play the game of the self-installed coup d'etat to perpetuate themselves in power. There have been some glimmerings of this game ever since there began to be talk of the formation of a faction consisting of "President Guzman's friends" which has ended up by being one more government tool, although it is directly controlled by the landowner Antonio Guzman. This control goes much farther than the private ambitions of the president's followers. This group, which is known by the acronym MAPAG, did not come into being for the sole purpose of "defending the State's institutions" but its objectives have from the beginning been clear and concrete: to strengthen Guzman's image, which is the same thing as supporting the exorbitant ambitions of the ruling-class clique which at the present time is in power.

The determination to evade any kind of question about the next election and, by that token, the failure to spell out the conduct of that ruling clique in the event of no election demonstrates in part how the attitude of Guzman and his group is related to the idea, so widespread among the people, that Guzman's reelection is a foregone conclusion.

But it is the symbiotic relationship between the president and the Armed Forces that arouses the greatest suspicion not only with regard to the reelection but also with regard to the macabre ends which Guzman and his group are pursuing. The constant meetings between the president and the highest representatives of the Armed Forces are not casual nor do they seek to strengthen the defense of our national sovereignty, an idea which has never prevailed within the ruling clique. Our country's history has demonstrated that favoritism, domination by strongmen and caudillism are elements which have been used by those who have been in charge of governing the state. These elements which are still in vogue today and are cultivated intelligently by the group headed by Antonio Guzman constitute a solid base

for catering down the Dominican people's healthiest interests and executing plans against it a bourgeoisie which is capable of eliminating half of the people as long as it continues milking the "national cow."

The Dominican Revolutionary Party in Disarray

No matter how much the official spokesmen for the Dominican Revolutionary Party [PRD], especially Pena Gomez, strive to change the government's image and the image of the party itself, it is an undeniable fact that in the very first year of that government the people began to feel that they had been betrayed. The betrayal by the PRD is much greater when it attempts to promote the idea that Guzman's government is one thing and that the PRD is another. The hungry and oppressed masses have found it extremely difficult to accept these ideas as true. What is clear is that the PRD has not carried out its government program at all and that, like the previous government headed by Joaquin Balaguer--the intellectual of the obligarchy--it has not put up any resistance to foreign capital nor has it solved the Dominican people's most urgent problems.

Instead of trying to learn how to run the government the PRD has, since Guzman took power as president, engaged in an internal struggle over the handing out of top government posts. This fight has had unfavorable repercussions on the internal power structure of the party and has become a hurricane that the "oldest hands" among its leaders have not been able to control. In this situation Antonio Guzman has had the advantage because he has the means to offer opportunities for becoming wealthy to the main leaders of the PRD.

The MPD would not be surprised if Antonio Guzman's following came out of the next PRD convention stronger than before, because the dynamics of the development which are taking place within the party and outside of it in the Dominican nation have built up the image of the traditional caudillo, and because it is the most stable grouping within the PRD and the most representative of the PRD bourgeoisie.

The opposition to reelection on the lips of the loudmouthed PRD leaders is not sincere. Just as they have defrauded the people who gave them their surprising moral support so that they might direct the destiny of the nation, they will continue defrauding the people in the same manner since, after all, the most important thing for them is not to solve problems but to remain, by whatever means, in the political halls, milking the "national cow."

The internal fights which we are seeing in the PRD are not as exacerbated as they appear to be. Majuta, as well as Salvador Jorge Blanco and Pena Gomez himself, know very well that before them come the interests of the bourgeoisie who want to climb more rungs on a ladder permitting them, though in debt, to continue to live like kings. As a last resort and in the face of any imminent danger, the representatives of the various "tendencies" within the PRD will stop their needless fighting to show the people that the bourgeoisie will not allow itself to be beaten and that it remains strongly united.

However, the PRD's headache is not with respect to the multiplicity of "tendencies" within its own body nor with respect to its next convention. The fear of the party in power is with respect to the election of 1982.

The year 1982 will present a PRD disgraced by its inability to administer the Dominican state. Hunger, unemployment, illiteracy, corruption, the surrender to Yankee imperialism, the infant mortality rate and so forth will have increased considerably in these 4 years of PRD government.

The very base of the PRD, consisting precisely of the very poorest sectors of our country, has been vilely oppressed, exploited, alienated and has seen, as in the illfated Balaguer years, the bars of jails and once more has had to dress in mourning. That mass of poor PRD voters has become aware that the bourgeoisie remains the same: a minority that becomes richer while the immense majority of the people succumbs in the midst of poverty.

So the PRD no longer enjoys the same popularity. However, it does have the control of the state apparatus, which it will try to use to stay in power, just as Joaquin Balaguer did.

An Open Road for Continuing in Power: Possibilities

The state of terror created in the Caribbean Basin and in all the poor countries of the world by the Reagan-Haig victory has uncovered the real face of governments which appear to be democratic.

Anticommunism is flourishing once again and the representatives of the bourgeoisie and of Yankee imperialism have started to adapt joyously to the policies outlined by the White House.

The connivance and the close connections between the civilian authorities and the military have been increased and strengthened in order to preserve by brute force the interests of the national bourgeoisie and the wealth of North American imperialism.

For the bourgeoisie the important thing now is, as it always has been, to guarantee for itself the enjoyment of riches and to continue to be a faithful ally of imperialism; therefore, we will also not be surprised at any abrupt change in policy by the PRD-Guzman government.

Guzman, for his own part, will try to be, as he has been demonstrating, a jealous guardian of "democracy" and an all-out enemy of communism, a political attitude which enjoys the complete approval of the Reagan-Haig government and of course, of the national bourgeoisie.

In fact, the policy of the PRD-Guzman government has taken a 180-degree turn. The latest events are a clear indication that the PRD, under the direction of the bourgeoisie, which is waging an all-out fight to remain in power, is willing to create a situation of chaos which it can control for the purpose of increasing the social and instability of the Dominican society with the objective of declaring the country to be in a state of emergency and in this way suspend the general elections and install a civilian-military government.

The rumors of the dissolution of Congress, of the attempted assassination of Pena Gomez (which he has himself taken charge of spreading and has even begun to believe);

the suspension of the subsidy to the city government, which has inflicted so many misfortunes on the people and which has made clear the brutality of the present government; the visit of the U.S. Navy ships precisely in the month of the heroic war of April, which provoked an energetic protest by the most democratic of the Dominican people and also demonstrated the concessionist policy of the present government, which preferred to break with the colors and the coat-of-arms of our flag and massacre and imprison hundreds of youths who exploded with anger and expressed their most noble protest against the Yankee invader; the prohibition of the activities of democratic and revolutionary organizations; the glorification of the heads of the repressive forces; the political repression of PRD members of other "tendencies"; the childish claim that recent crimes were the result of the lawlessness of enemy elements infiltrated into the National Police and that neither the PRD nor the government are responsible for those assassinations, just as they also were not responsible for the assassinations committed during the first drivers' strike in 1979, which aroused the vice president to such an extent that it caused him to scream over the microphones of Radio Comercial that the people needed to be trained, an unspeakable monstrosity which showed the hatred of the present government for our people; the increase in poverty, unemployment, and the great economic crisis which has paralyzed the investment of private capital; and the inability to fulfill the just aspirations of the most diverse social sectors (teachers, doctors, workers, peasants and so forth)--all these things indicate clearly that Antonio Guzman and his group, with the support of the Reagan-Haig policy, will not easily relinquish power.

Our Insistence on the Creation of a Broad Revolutionary Front

We, the democratic and revolutionary organizations of our country have experience in fighting which allows us to distinguish between our friends and our enemies.

To attempt at this time to seek alliances with sectors which are clearly traitors to the best interests of the proletariat would be an error which would put in jeopardy the objectives of the revolutionary movement.

It is a historic necessity that the democratic and revolutionary forces should unite and join together in order to draw up a plan of battle which will thwart the maneuvers of imperialism and of the national bourgeoisie and which will succeed in developing further the awareness of the oppressed and exploited masses.

The present moment in which we live is favorable for us to harmonize our ideas and our positions so that we may establish a tactic and a strategy which will allow us to make the political move for which our people are so fervently hoping and praying.

The democratic and revolutionary forces, have a commitment to history and to the people, which we must not evade.

It is time to start to think about solving our people's problems ourselves without rejecting, of course, any tactical alliance which is favorable to the revolution.

It is high time that we have so many times proclaimed on the theoretical plane might there is no strength.

[illegible] take the step of uniting and let us prepare all of our members among the [illegible] peasants, students and other groups for the struggle.

[illegible] future is ours!

[illegible] Committee
Dominican Popular Movement

[illegible]
cc: Bolo/1334

BISHOP DESCRIBES PLOT TO SABOTAGE LOCAL POWER COMPANY

Bridgetown ADVOCATE-NEWS in English 28 May 81 p 3

[Text] St George's, Grenada, Wednesday (CANA)--Grenada has accused the Commonwealth Development Corporation (CDC), the Esso Standard Oil Company and Barclays Bank International of plotting to sabotage the country's economy by running the lone power company here into the ground.

The role of the London-based CDC was to let the machinery run down without importing replacement spares and to let its finances deteriorate by failing to collect bills from its customers, Prime Minister Maurice Bishop told an American liberation day rally here.

Esso was to cut off the fuel supplies to the Grenada Electricity Services (GES)--when the company said that it could not pay for its supplies, and Barclays was to reject applications for bailing the company out of trouble, the Prime Minister said.

Until this week, when the government took controlling interest in the company, the CDC was the major shareholder in the utility business. Government raised its percentage of the shares from 40 to more than 50 under a new law.

"It was a very simple and basic plot, and it had three or four sides to it," Prime Minister Bishop told the rally.

"It was not just the CDC involved, but an oil company and a bank."

Bishop said that the plot had been hatched on a neighbouring island "that has been involved in other respects against our revolution," and where some regional companies were headquartered.

He gave no other details about the country.

Bishop said that last Thursday a series of "coincidences" took place in which the "plot matured."

The first coincidence, the Prime Minister said, was that the GES board of directors decided to hold one of their infrequent meetings--the day Esso wrote them demanding outstanding payment for fuel and threatening to cut off the fuel supply immediately if payment was not made that day.

the outstanding bill, Bishop said, was over EC$1 million and fuel stocks then would not last out the day.

Esso's letter said also that, failing immediate payment, further supplies of fuel would be on a payment-before-delivery basis, but this basis could not be put into effect until the account had been paid in full.

Bishop called this an example of "economic blackmail, economic piracy, economic sabotage, economic aggression" and "clear evidence of the total conspiracy and collusion between Esso and CDC."

According to the Prime Minister, the chairman of the board of directors of GES, John Taylor of CDC, who is based in St Lucia, told government that GES was unable to raise the necessary money from Barclays, the company's bankers, and asked government's assistance to get a loan from the government-owned National Commercial Bank.

This request was refused and Taylor was told Bishop said, that the People's Revolutionary Government (PRG) had watched the unfolding of the plot and was not surprised that another part of the plot was being implemented with fuel supplies running out, with Esso demanding immediate payment before fresh supplies were provided and with Barclays refusing to provide financing.

"We are not surprised about any of this because we knew of a plan coming up," Bishop said he told Taylor, "but we have the responsibility of running this country and, because we recognise that it is a national crisis that people are trying to create, and because the laws of Grenada provide for people who conspire to try to sabotage electricity, if certain people try to get involved in this (trickery) being worked out, then Richmond Hill (prison) will have to do the talking."

The Prime Minister told the rally that his "struggle" with Esso and Barclays would continue and that the organisations would "have to remember that, if in a time of crisis like this they don't want to put their best foot forward, then, afterwards, they might not have any foot at all to put forward."

The PRG has passed the Grenada Electricity Services (share transfer) Law which, "without payment of further compensation," transfers 32,000 CDC shares in GES to the PRG.

Equally reliable sources said that on Monday and yesterday there were discussions between the PRG, Barclays and Esso.

It is likely that Barclays will meet the debt to Esso and Esso will give GES credit on a month-to-month basis, the sources said.

No announcements have yet been made by the Government.

ESO: 3027

RUMORS CIRCULATE ON GOVERNMENT PERSONNEL CHANGES

Georgetown MIRROR in English 17 May 81 p 4

[Text] Rumours circulating for well over a week in Georgetown indicate that several changes among personnel in key sections of the government and the ruling PNC have taken place.

Deputy Chief Political Adviser to the President, Kester Alves, has been named in the rumours. But efforts to get an official denial or confirmation as to whether Mr Alves has been dismissed, only produced a "no comment" response from Mr Rovin Deodat, Public Relations Adviser to President Burnham.

Mr Alves, a former YSM leader and one-time editor of NEW NATION, returned to Guyana while he was on a trip which should have taken him to the Democratic People's Republic of Korea and the People's Republic of China.

Persistent efforts to contact Mr Alves for a comment have all failed.

Meanwhile, former Guywa public relations officer and radio commentator, Henry Josiah succeeded Mr William Henry Skerrett as editor of NEW NATION, official organ of the ruling party. It is understood that Mr Skerrett has been removed from NEW NATION but his fate is still not known. Mr Adam Harris, a former G.I.S. official has been removed from CHRONICLE to NEW NATION, while another G.I.S. officer Francis Haynes has been seconded to the Guyana Broadcasting Corporation.

There has also been a mild purge at the Ministry of Foreign Affairs with senior foreign service official. C. Chichester being seconded to the CHRONICLE as one of four editors. Mr Chichester who failed on several occasions to get the official nod for a senior diplomatic posting overseas, is now editor of the Sunday edition of the state-owned newspaper.

An official in the Office of the President has said in the meantime that no appointment has as yet been made of a new Guyana Ambassador to Moscow to succeed McDavid who has been recalled home to serve as Chief Political Adviser to President Burnham. The official said that an announcement will be made after the appointment but he did not indicate how soon.

[Src: 3025]

EDITORIAL PRAISES CORDIAL RELATIONS WITH SURINAME

Georgetown GUYANA CHRONICLE in English 8 May 81 p 6

[Editorial: "Setting the Stage for Cordial Talks"]

[Text] Two teams of officials--one from neighbouring Suriname, the other Guyanese--sat together during the last few days at the Public Service Ministry Training Centre, Georgetown. Their meeting was preparatory: it concerned the formulation of an agenda for another meeting--that between the two countries' Ministers of Foreign Affairs.

The agenda will include a number of topics of importance to both countries; some of these topics may be contentious, like fishing on the Corentyne River and the periodic arrests of Guyanese fishermen and seizure of their boats for their alleged trespassing in Suriname's waters; or the New River Triangle with its incident of territorial incursion.

The Corentyne River separates the two countries geographically while joining them developmentally in a number of areas; some of them have become increasingly evident over the years, especially since both countries acceded to independence and their peoples faced the weighty responsibilities of nation-building. These responsibilities involve to a large extent the development and exploitation of their natural resources for their own benefit. A peaceful environment is imperative for the attainment of these objectives and that environment encompasses the border of each territory and requires the understanding and cooperation of the neighbouring peoples and governments.

For Guyana's part, this nation is fully aware that it shares with Suriname a mutuality of interests which forms a substantial foundation for building bonds of cooperation. The Guyana Government, everconscious of the need for consolidating friendly ties with its neighbours has worked assiduously to ensure that whatever the contentious issues may be, avenues to peaceful solution are fully explored; that giving way to quarrels and confrontations is not only irresponsible, but can result only in retarding national progress and development. This sense of political perspectives has been evident in our Government's dealings with Suriname and indeed with all its neighbours.

Suriname, too, has been displaying a responsible attitude towards its Guyanese neighbour. The most recent utterances of Government officials there have served to reflect this attitude. We believe, therefore, that the stage has been set for objective talks between the Foreign Ministers and the beginning of a new chapter in cordial and mutually beneficial relationships between Guyana and Suriname.

Against this propitious background, Guyana's belligerent neighbour to the West--Venezuela--cuts a ludicrous figure indeed.

CSO: 3025

BRIEFS

USSR--Newly accredited Soviet Ambassador to Guyana Mr Konstantin [illegible] has spoken of increased cooperation between Guyana and the Soviet Union. At the time he was addressing members of the local media at a special function to commemorate Victory Day. The function was held at the Soviet Embassy at the [illegible] Ways in Kitty. He said that in the area of trade the arrival of a shipment of Lada cars, produced in the USSR, in Guyana was an indication of the increased trade ties between Guyana and his country. He said that 294 Lada cars will be arriving between May 14 and [word illegible] 18 next on board the Soviet vessel Chernkovsky. A special Press conference is being organised for the arrival of the cars. Mr Kharchev, who was appointed about a month ago also spoke of exchange visits of journalists, between the two countries. [Excerpt] [Georgetown GUYANA CHRONICLE in English 9 May 81 p 1]

BRAZILIAN MILITARY MISSION--A senior official of the Guyana Government has rejected a report that a "Brazilian Military Mission" was being established in Guyana. The report, carried yesterday by a radio station in the region, said that Brazil's Military Attache at that country's Embassy in Georgetown would be heading the three-man mission. According to the report, "observers" in Georgetown had noted that the "military mission" was being established at a time of tension between Guyana and Venezuela over that country's claim to Guyanese territory. However, in rejecting the report, the senior Guyana Government official said what had actually happened was that the Guyana Government had given permission for the appointment of a single Military Attache at the Brazilian Embassy here. The official stated that the Brazilians had not yet named anyone to fill the position. GNA [Text] [Georgetown GUYANA CHRONICLE in English 12 May 81 p 16]

BAUXITE INCREASE--The Guyana Mining Enterprise [GUYMINE] is stepping up its exploitation of 4.2 million tonnes of bauxite, from 10 of its locations in the Linden and Ituni areas during the remainder of this year. Already the company has contracted the services of an Austrian firm which is examining ways and means of improving the ore transportation system at Guymine's operations. However, the ability of the industry to meet its targets, rests largely on the [illegible] performances of various sections in the entity. In addition some 3.3 million tonnes of calcinable grade ore, and 715,000 tonnes of metal grade ore are to be extracted from the mines. In the case of calcinable ore, the 1981 target would be a 20 per cent increase on the 1980 production. However, figures in relation to metal grade were not available. The main calcine mines have been

[illegible] as East Montgomery, Kara Kara, Arrowcane and Ituni, the source [illegible]. Kara Kara, Kara Karo and East Montgomery are to form the main areas [illegible] its for metal grade ore. The two grades of bauxite have been fetching favourable prices on the world market, and Guymine is making strenuous [illegible] to capitalise on the current prices. [Excerpts] [Georgetown GUYANA CHRONICLE in English 13 May 81 p 1]

DEVELOPMENT BANK LOANS--The Guyana Cooperative Agricultural and Industrial Development Bank has disbursed a total of $5.8 million in loans for the period ending March 31, reflecting a decrease of .5 million dollars for the same period last year. This figure represents an achievement of 65 per cent of the Bank's targeted disbursement of approximately $9.2 million. $4.3 million went to Agriculture and $1.5 to Industry. Most of the applications came from the Demerara/West Berbice area, while the remainder came from the Essequibo and East Berbice. This year the Bank has an estimated disbursement target of $45 million which [illegible] million more than for last year. Of this total $17.8 million have been earmarked for industry and $27.1 M for agricultural purposes. Agricultural projects which are likely to benefit from the $4.3 million disbursement for the first quarter of 1981 include, rice cultivation, arable crop cultivation (including green vegetables), tree crop cultivation and livestock rearing. Manufacturing activities, forestry and fishing enterprises have accounted for the [illegible] of the industrial disbursement. [Excerpts] [Georgetown GUYANA CHRONICLE in English 14 May 81 p 1]

FOREIGN AID POLICY--Vice-President for Works and Transport, Steve Naraine, [illegible] that a policy on foreign aid should be clearly adumbrated setting out the [illegible] of projects for which foreign aid will be accepted. "We should not accept [illegible] for any kind of project and on the terms dictated by the donor," he said. The Vice-President was at the time addressing a gathering of practising engineers, lecturers and students of the Faculty of Technology of the University of Guyana at the Turkeyen Campus. The remarks came during the colloquium in which [illegible] dealt with "The implications of foreign aid to development projects in Guyana." He said that within the framework of that policy, projects developed for financing from foreign aid should be closely examined to determine the net contribution to foreign exchange and the effects on local employment. "Priority should be given to the development of an independent economy where all aspects are controlled by Guyanese and there should be a development of the spirit of self-reliance," he said. "We should give greater emphasis on the development of our resources, carrying out research on the various properties of materials and trying to find the maximum use of these resources," he said. [Excerpt] [Georgetown GUYANA CHRONICLE in English 15 May 81 p 1]

BRIEFS

[illegible] group has been formed with the sole intention of digging into the "true circumstances" leading to the death, on March 29, 1981, of [illegible] Prime Minister, Dr Eric Williams. The Council of Inheritors is [illegible] conference at the Holiday Inn tomorrow at 10 a.m. to discuss: "The circumstances surrounding the death of the late PM Dr Eric Williams and [illegible] for the nation." The so-called council is shrouded in secrecy. [illegible] is known so far--Mr Earl Lewis, an independent for the presidency [illegible] Services Association, is the head of the "Council." [Text] [illegible] TRINIDAD GUARDIAN in English 28 May 81 p 1]

against crime," something along the lines of "the chance of a military officer but without risking the freedom and democracy we have." In addition, Venezuelans are very sensitive to the border problems that have developed in recent years.

"This is not chance," said one of the founders of the "ABS Group" to Len Castro Hurtado, who has made something of a name for himself ever since he denounced a number of plots to President Herrera's pacification policy.

Democratic Action Involved?

In all such cases, there is never a lack of speculation. People are saying that it would suit to prove that Democratic Action is interested in certain operations, some sort of "rightist or conservative" threat that could help do away with a potential Dr Caldera candidacy. There is even mention of Caldera himself as a member of AD leaders from the Lusinchi wing and Len Castro Hurtado. This is impossible if we keep in mind that Arnaldo Castro has ties with Carlos Andres Perez. Let us not forget that it was during the Pérez administration that Castro assumed the most important posts in his military career. He was Chief of the Joint Chiefs of Staff and commander-in-chief of the army. He was, without doubt, one of Carlos Andres Perez's "friends" in the Armed Forces.

Furthermore, Castro Hurtado has always had strong ties with AD leaders. When he was in prison, he got to know many of them, specifically in the Ciudad Bolivar jail. Some of these leaders later joined the "ABS Group" and the PRS [Socialist Revolutionary Party]. Manuel Alfredo Rodriguez, a fine orator and lawyer from Guayana, was one of them and he is allegedly today one of the key men in General Castro's candidacy.

Douglas Bravo

When journalist Douglas Bravo asked to talk with Castro Hurtado in order to greet and to demonstrate their hospitality, he, as a gleisman, and his wife, [illegible] at Guayana, invited Douglas to dine with them on [illegible] at their home. It was a very hot day. The "commander" came with [illegible] Arelis. When they were seated, Douglas proposed to the general that "we [illegible] things, let's set up a national movement together." But previously, General Castro told him: "But Douglas, do you know what [illegible] I can hardly accept that. So, definite y not."

Castro Hurtado's Ambitions

Of course, Castro Hurtado is not related about his ambitions. He knows that [illegible] retired military officer, but with many votes, also has aspirations.

[illegible] Arnaldo Castro is 72 years old, just like Castro. He is a major [illegible] like Castro. But he has accepted something that Castro has not [illegible] ministries which he held under the current COPEI [Social Christian Party] administration.

Rafael Caldera, who knows exactly what his great prestige in the Armed Forces means at this time, has not, in fact, concealed his willingness to throw his hat into the ring. In this connection, he has already spoken with several retired generals from the same class year.

Additionally, he has met with retired officers Rodriguez Corro, Alberto Peroza, Oswaldo Alvarez, Cardenas Cardenas, Amaya Guerrero, Velandia Ramirez, Pimentel Maldonado, Canelones Ferrer and others.

Dr Lus Rangel Burgoin has not made as definite a move as Castro Hurtado. Last week he returned from Paris, where he spent some time. His schedule is surely already full of meetings. Rangel is seen as a more "moderate and [illegible]" figure than Castro. His considerable prestige among the country's officers is being taken very much into account. He is, without question, the only retired military officer who can compete with Castro Hurtado. It will be a battle between Andean highlanders and plainsmen. Who will win out?

Castro Hurtado Interviewed

[illegible] BOHEMIA in Spanish 11-17 May 81 pp 30-33

[Interview with Gen Arnaldo Castro Hurtado by Jesus Seguias; date and place not given]

[text] Every time that the involvement of active or retired military officers in politics is mentioned, speculation is aroused, and people use a word that they think says it all: "Conspiracy."

One day, a Venezuelan Armed Forces general asked to go into retirement. He had served as the commander-in-chief of the army, head of the Joint Chiefs of Staff and director of the DIM. Twenty-four hours after he was granted his discharge, the general appeared on a television program and leveled serious accusations at the newly installed administration of President Luis Herrera.

A great many theories have circulated ever since then. "What that general is pushing for is a coup." "No, forget it, what he's doing is paving the way for his move into politics and a run for the presidency," others said.

Two years after the incident, however, we have discovered a involvement of civilians and retired military officers who are pushing the general's candidacy, and this development led BOHEMIA to look into Arnaldo Castro Hurtado's "conspiracy."

[illegible] What are you really hiding, general? What are you after?

[Answer] The main idea of the group of Venezuelans working with me is to come up with a solution other than the one that the political parties have been offering. During these past 22 years of democracy the political parties that have succeeded each other in power have unquestionably been unable to resolve our basic problems, many of which have not been taken care of because the maneuvering among parties, or rather, within parties, has not allowed it. The party system is obviously not working well in Venezuela.

General Castro will be 52 this 7 July. He is an authentic native of Apure. He tells us that he is very overweight at present but promises to do gymnastics and to continue his morning jogs around the Caracas Officers Club. His wife is from Upata, from a family that has been long established in Guayana. She is related to "Chino" Sanoja, an AD leader and the former governor of Bolivar, and to Jesus Sanoja Hernandez, a leader of the Venezuelan Communist Party.

[Question] General, do you think there is another way, other than political parties, to resolve the country's problems?

[Answer] I cannot deny that I think so. Otherwise we wouldn't be involved with this.

[Question] The military?

[Answer] No...Venezuelans. We independents make up the overwhelming majority of the country. We are more than the two parties of the status quo. We can organize and (a pause) force the parties to strengthen themselves, because the main thing is to strengthen the parties. But the way to strengthen them is to point out their mistakes and teach them a lesson by taking power away from them...

[Question] How?

[Answer] At the ballot box, with votes. But I want to make this clear: We are not going to found a new party.

'The Military Senses Danger'

[Question] General, what do some other military officers think about what you're saying?

[Answer] What I ask myself is this: How long...how long can the country put up with this situation? The Armed Forces are part of this society. They also sense and are aware of what is happening. They also feel hurt and surprised by the irresponsible way in which the State's funds are being administered. When the officers' wives go to the markets, they sense and hear everything that is going on. These Venezuelans feel bad about our country. They obviously can't express what they feel the same way as I am doing, but they do feel it.

[Question] Do you think that there will be some response from these groups?

[Answer] The Armed Forces have been the guarantors of the democratic system... They are defending the democratic system, but the democratic system is not working well. So, there is a danger here. If the parties do not straighten themselves out, there is a danger that the guarantors (the military) will step in at the crucial moment and say: "How long is this going to last? Establish order."

[Question] Consequently, the movement you are proposing represents the way to avoid all this?

[Answer] That's undeniable.

"Making Good Use of the Staff"

[Question] General, do you think that a military officer, whether retired or active, has enough experience and know-how to resolve the problems you are talking about if he comes to power?

[Answer] The problem is not whether he has experience or not. The point is to prevent things from happening. But whether we are talking about a retired military officer or not, don't forget that if an officer learns anything in the exercise of his command, it is to make good use of advisers, what we in military circles call making good use of the staff. All of our problems should be tackled by the finest Venezuelans.

[Question] Pardon me, general, do you think that the answer to the "crisis of civilian governments," as many people have tried to portray the current situation (which is simplistic, to be sure), is the military, whether through democratic elections in which retired officers would run or as an outcome of undesirable developments?

[Answer] We are not after an authoritarian regime. Let me make that clear. What we are after is to alert the political parties so that this does not happen in our country. We are certain that the country's problems can be resolved under the laws that the democratic system provides for.

"Take a Poll"

[Question] Well, general, I would remind you that that is not an original proposal. That's the same proposal that many people in this country have made whenever an election campaign draws near. We have even heard it from a number of retired military officers like you who have run for president. Gen Antonio Garcia Villasmil, for example, said the same thing that you are saying now. Nonetheless, in spite of the "political crisis" that he spoke out against using the same arguments that you have voiced and that are nothing new in this country, he was defeated, like many others, by AD and COPEI. Don't you think that the same fate is in store for you?

[Answer] At that time we Venezuelans had not become convinced that those gentlemen were telling the truth. I am very pleased that you have pointed out that this is not original; that is quite true. But I would ask the politakers to do a survey and ask Venezuelans whether they would like a ticket other than AD and COPEI, and let's see how the Venezuelan people answer.

The Right Wing and Myself

[Question] You have received the support of the "New Generation" Group. They describe themselves as rightwing. Does this mean that Gen Castro Hurtado is a rightwinger too?

[Answer] I'm not too clear on what rigthwing means...because everyone in this country calls himself a leftist or a middle-of-the-roader; almost no one wants to call himself a rightwinger. If rightwing means respect for the family and for law and order, then perhaps I am a rightwinger, but that does not mean that I'm a fanatic or that I act on behalf of certain interests.

[Question] General, we have heard you use some expressions that, with all due respect, we could place in the category of "Neanderthal" politics. We do not see your analyses as up-to-date, and you seem to hold very stale ideas. The conceptual trinity that you just mentioned, "Family, Law and Order," might seem inoffensive, but it has served as a banner for military dictatorships to justify their slaughter of people in our sister nations. They follow the same approach when they talk about leftist groups and apparently ignore the changes that are taking shape on the left. They treat them all as "communists" and "allies of the USSR..."

[Answer] I might have some Neanderthal, old-fashioned elements to me... But let me tell you that I know something about Eurocommunism and what the MAS [Movement for Socialism] is trying to do here. I've never heard these gentlemen say, "I am not a Marxist-Leninist..."

[Question] General, the MAS and the MIR [Movement of the Revolutionary Left] claim that they have arisen as a break with the ideas you're talking about...

[Answer] Yes, that's quite true. But they are still Marxist-Leninists. Here we have the legal MAS as well as other parallel organizations that are illegal. The same is the case with Americo Martin's MIR. Now then, it's true that many military officers in the Southern Cone make use of the family, law and order concept. Why? Because it is one of the basic conditions for life in society. In our case, it's not that we are bringing in old standards [cartabones]. We know that those are not going to be the objectives that we propose to the Venezuelan people.

GALLUP POLL FINDS CONTINUED DISSATISFACTION WITH HERRERA

Caracas EL NACIONAL in Spanish 8 May 81 p D-1

[Article by Leopoldo Linares]

[Text] The latest Gallup poll shows that almost three-fourths of the Venezuelan people (73.3 percent) feel that President Luis Herrera is currently not running a government that benefits the poor, whereas 22 percent hold the opposite view.

With regard to the economy, although the responses in the poll "are more positive than last December," 46 percent of the people still feel that the current economic situation is bad or very bad. In addition, the survey shows that high percentages of the population are against a gasoline price increase (78.5 percent) and feel their personal safety is threatened (81 percent).

More than half of the population (54 percent), the Gallup poll notes, feels that AD [Democratic Action] will win the elections, in contrast to 14 percent who think it will be COPEI [Social Christian Party] and 10 percent who predict a left-wing victory.

With regard to whom the people would vote for for president, Rafael Caldera is in first place (10.9 percent), followed by Jose Vicente Rangel (7.4 percent) and Jaime Lusinchi (7.1 percent). According to the poll, 41.5 percent of the people would not vote for anyone or do not know for whom they would vote.

The Gallup poll reveals that a high percentage of the people think poorly of the current government team. However, Minister Rafael Andres Montes de Oca is mentioned most often as the cabinet minister "who has stood out the most in working to benefit the country." In contrast, Rafael Fernandez Heres, Carlos Brewer Carias and former Minister Manuel Quijada head the list of government officials "who have performed poorly in discharging their functions."

The ethics of public officials, the Gallup poll says, has not improved as far as 40 percent of the population is concerned; has improved little in the view of 14 percent and has improved greatly in the opinion of 10 percent. In this same vein, 40 percent of the people feel that the government is not doing anything to combat administrative corruption; 34 percent feel that it is doing little, and 11 percent feel that it is doing a great deal.

Other major points included in the poll have to do with democracy and human rights, national institutions and political power, and foreign policy issues. In this regard, 48 percent of the population feels that democracy is crumbling in Venezuela; 43 percent feel that human rights are respected little, while 37.1 percent feel that human rights are not respected at all; as far as 43 percent of the population is concerned, the military does not aspire to political power in our country, whereas 39 percent feel the opposite; to 43 percent of our people the Catholic Church has considerable political power, while 19 percent feel the opposite, and 26 percent think that it has little political power.

As far as foreign policy is concerned, a clear majority of the population (61 percent) favors a neutral stand by Venezuela on the conflict in El Salvador. Concerning the problem with Guyana, 40 percent of the people said that the area we are claiming around the Essequibo might be returned to Venezuela one day, whereas 36 percent think it will not be. As to the border conflict with Colombia, 51 percent of the Venezuelan people think that we ought to continue negotiating now, while 36 percent say that we should wait for a better opportunity.

The latest Gallup poll included a question (perhaps a first in this kind of survey) about the presence of foreigners in Venezuela. Some 38.9 percent felt that the government should not allow more foreigners into the country; 52.1 percent thought that "just a few should be let in," and only 6.2 percent felt that they should "all be let in."

The Gallup Institute reports that its poll was based on interviews with 3,170 families among individuals 17 years of age and over, residing in cities throughout the country.

Economic Situation

The poll summarized the views on the current economic situation as follows:

Positive responses	9.7 percent
Fair	43.2 percent
Negative responses	45.9 percent
Don't know	1.2 percent

Do you think that 1981 is going to be the year of our economic takeoff?

Yes	37.9 percent
No	44.1 percent
Don't know	18.0 percent

Cost of Living

Has risen a lot	87.9 percent
Has risen little	8.8 percent
Is stable	2.4 percent
Don't know	0.9 percent

Safety and Crime

Do you think that your personal safety is guaranteed in our country or that it is threatened?

Is guaranteed	15.2 percent
Is threatened	80.7 percent
Don't know	4.1 percent

It is extremely alarming to see that so many people are saying that their personal safety is not guaranteed in our country, the Gallup poll notes. Within the metropolitan area, 92.1 percent said they felt unsafe, while the figure for the rest of the country was 77.3 percent. The impact of crime is being felt most drastically in the capital.

Do you think that crime in Venezuela has been on the rise, has remained the same or has decreased in recent years?

Has risen	80 percent
Has remained the same	14 percent
Has decreased	4.8 percent
Don't know	1.2 percent

Four out of five people, the Gallup report notes, feel that crime has increased. There is almost the same sensitivity to the crime problem among all categories of individuals. Party preference is not a major distinguishing factor when the "has risen" responses are combined with the "has remained the same" replies.

Other Issues

When it comes to evaluating public utilities, the highest approval percentages go to gas and light, whereas water and telephones got the most negative responses.

Four out of five people, the report states, feel that it is very important for our country to have an effective consumer protection agency.

Some 80.4 percent of those polled were in favor of a Caracas-coastal railway, regarding it as a service that would be of great benefit to the population.

The President's Performance

President Luis Herrera's performance got the following marks: 16.5 percent positive; 29.5 percent negative, and 52.7 percent fair.

The Gallup report clarifies that the high marks for President Herrera's performance came mostly from men and COPEI supporters in the big cities, whereas the low marks came mostly from women, the most disadvantaged socio-economic group, more highly educated individuals and people residing outside the metropolitan area.

The Gallup poll also indicated that 46 percent of AD supporters and 33 percent of Movement for Socialism supporters held a negative view of the current chief of state's performance, whereas 39.9 percent of COPEI backers described it as positive, and 51.9 percent felt that his performance has been "fair."

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EFFORTS TO GAIN EUROPEAN INVESTMENT REPORTED

Caracas EL DIARIO DE CARACAS in Spanish 21 May 81 pp 12, 13

[Article by Lucy Gomez: "Venezuela Ready for Foreign Investors"]

[Text] In a week of a compact agenda of talks and speeches, 72 members of a Venezuelan delegation went to Italy and to Great Britain to explain how to invest in Venezuela, in accordance with the priorities of the nation's Sixth Plan. There was much interest in Europe, not only in the investment possibilities, but also in Venezuela's energy guarantees. The seminar will continue in September, in France and Germany.

Relations With England To Be Tightened

In London, the Venezuelan delegation was entertained by lower-level government representatives than in Italy. The official in charge of British handling of the meetings was the undersecretary of state in the Ministry of Trade, Lord Trefgarne, who made special mention, in his speech, of the small amount of trade maintained by Great Britain with Latin America, barely 3 percent of the British market.

Lord Trefgarne stressed the qualities of the Venezuelan market that are valued by the British: political stability; great abundance of natural resources like petroleum reserves, hydroelectric potential, coal; other mineral reserves, and the possibility that Britiah technology--"flourishing," according to what he said--can be incorporated in that situation.

The British, whose technology has been declining for many years, showed concern over the inflation index in Venezuela, over Andean Pact Decision Number 24, over the subregional integration systems and the way in which they affect encouragement of foreign investment.

Venezuela promoted itself not only because of its potentialities and its system of free competition, which was prominent among the speeches of the official delegation, but also by stressing the possibility that the Venezuelan market will be a basis for penetration into the Central American and Caribbean markets. It also presented as a fact the evaporation of the Andean Pact. In order to overcome resistance to Venezuela's close relations with its neighbors in the economic field, although it constantly made it clear that Decision 24 will survive that disintegration.

It was also pointed out that LAIA [Latin American Integration Association] has much more flexible mechanisms than the extinct LAFTA [Latin American Free Trade Association] with regard to foreign investment.

There were questions on financial restrictions on the movement of foreign capital and it was even asked why a financial center, like the one in the Caiman Islands or Panama, was not set up in Venezuela. Ricardo Martinez spoke against this proposal, pointing out that, because of its potential, Venezuela does not need that recourse.

Representatives of the Arab banks in London, many of whom attended the CBI [Confederation of British Industries] event, insisted on asking what Venezuela's trade advantages toward OPEC countries are. A satisfactory answer to this question was not given.

Venezuela sent an official delegation of 72 persons to Rome and London, last week, to talk with businessmen and government representatives in both cities on high-level investments in our country. The idea was to make an official presentation and for businessmen to be the best emissaries of the Venezuelan Government's economic policy.

The trip was headed by three ministers: Ricardo Martinez, of CORDIPLAN [Office of Coordination and Planning]; Jose Enrique Porras Omana, of Development, and Luis Ugueto, of Finance who joined the group in London. Martinez promoted the meeting. In Caracas, he stressed the meeting to officials, businessmen and newsmen: "Large-scale projects must be identified, meetings in both cities must be participated in, sale of equipment must not be discussed in the talks, because there are representatives in Caracas for that purpose. The results will be long term."

With regard to these and other expectations, a spontaneous filtering-out was made. First, there was a reduction in the delegation. Among the 72 delegates, there were 48 representatives of the private sector who went to Rome, but of these 48, only 23 were recorded on the official list of the delegation published by the embassy in London. The reason was perhaps given by one of the delegates: "I go where I have something to offer." Others gave the excuse of the overwhelming reception that they had in Rome, with hundreds of business appointments that they had to handle.

Actually, Italy was where Venezuela had an enthusiastic reception. Three hundred businessmen and officials signed up to participate in the talks in the Italo-Latin American Institute [IILA].

The headquarters of the IILA are in a marble building, part of a large, showy complex built by Mussolini in the outskirts of Rome. A strong wind was blowing.

There were two factors of pressure and additional negotiation there that did not appear in London: interest in finding preferential prices and reliability of supply of Venezuelan oil and the forthcoming visit by Luis Herrera Campins, scheduled for next month. This last-mentioned factor made some Italian foreign office representatives act with the aggressiveness of someone who thinks that he is best situated for negotiating agreements capable of being signed on the expected visit by the president of Venezuela.

Italian businessmen showed much interest in the possibilities of investment in Venezuela, but with reservations that proved to be the same in both cities where the Venezuelan seminar on investment possibilities was presented: what the real import of Andean Pact Decision 24 is and how the economic integration systems operate with regard to foreign trade.

Things appeared to be much colder in England. Meetings like this one have been held frequently with other Latin American countries in the building of the Confederation of British Industries, the CBI, headquarters of the London seminar. The 100 participants in the meeting arranged by Venezuela are a success, according to the British.

The British, who have very few investments in Venezuela, were interested in the right to safety of their possible investors, the mechanisms of subregional protection and how the Venezuelan Government could stop inflation.

The Venezuelan representatives were truly solicitous toward the British. Complete security was offered for foreign enterprises. The precarious Andean Subregional Pact was mentioned merely in order to announce its forthcoming dissolution in view of the Bolivian coup, the border incidents between Ecuador and Peru and Venezuela's determination--as was stated by the superintendent of foreign investments, Alfredo Gonzalez Amare--"to interpret and apply the rules flexibly and in compatibility with the pragmatic economy and business criteria, consistent with our overall objectives of attracting foreign investments."

The Venezuelan Priorities: Steel, Aluminum, Petrochemicals, Agroindustry and Capital Goods

The Venezuelan delegation presented the priorities outlined in the nation's Sixth Plan for foreign investments, practically the same way in Rome as in London. In both cities, the same speeches were made and the participants in the event were given a manual on how to invest in Venezuela.

The priorities are, first of all, production of capital and intermediate goods, technology and technical services associated with the oil and petrochemical industry. It was pointed out that there is an intention to develop the Orinoco Oil Belt intensively and for Venezuelan Petroleum to invest around $25 billion in that area in the next 6 years.

The second area of interest is the petrochemical sector in which not only the production of capital goods was promoted but also investments, primarily in the secondary and tertiary stages of the processing of petrochemical products, as well as in the manufacture of finished products.

The third area promoted was the metalworking sector, especially, with regard to investments associated with the manufacture of capital goods and intermediate goods for the mining and energy sectors, as well as the automobile and transportation sectors, social areas, supplies for the building industry and machinery and implements for agriculture.

Then, the possibilities of the agricultural sector and the fishing sector at every level were stressed, including primary production, processing systems, storage and shipment of machinery associated with these systems.

The social interest housing sector and the public services sector complete the survey of expectations presented to the European businessmen.

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